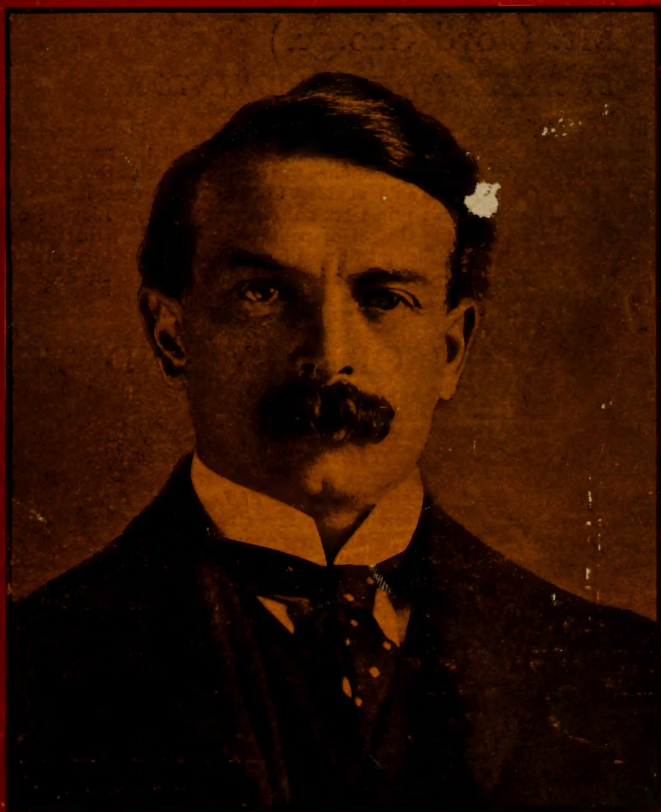


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THE

PEOPLE'S BUDGET

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EXPLAINED BY
THE RIGHT HONOURABLE

David
D. LLOYD GEORGE, M.P.

HODDER & STOUGHTON LONDON

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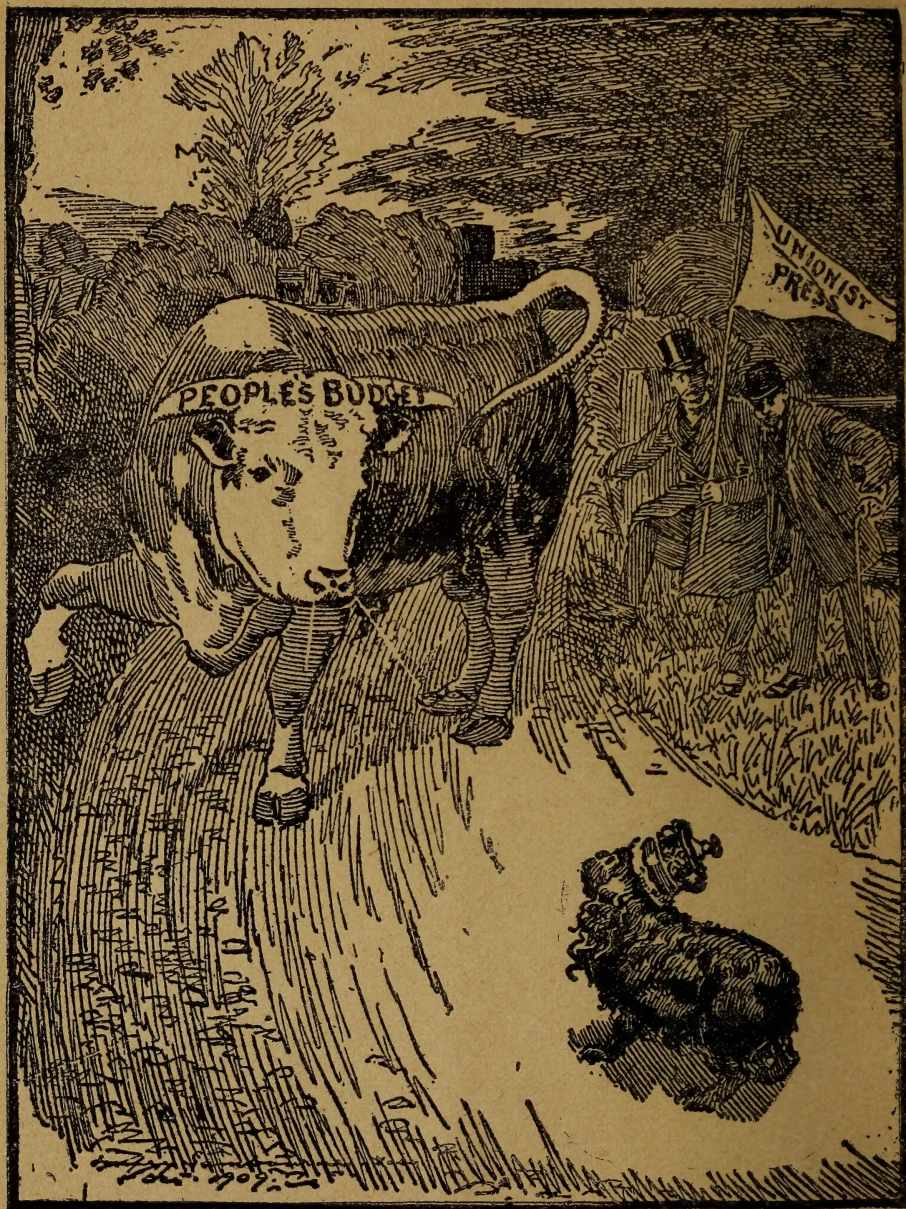
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HODDER & STOUGHTON, PUBLISHERS, LONDON.

A DOG'S CHANCE.



NOBLE SPANIEL (answering to the name of Marquis): "THEY TELL ME THAT AS A SPORTSMAN I OUGHT TO TACKLE THIS THING; BUT I'M NOT AT ALL SURE I SHAN'T LET IT PASS."

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Recon.
Fin.

George, 1st Earl

THE
PEOPLE'S BUDGET



Explained by the Chancellor of the Exchequer

THE RIGHT HON. DAVID LLOYD GEORGE,
P.C., D.C.L., LL.D. (Bangor), M.P.

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CONTENTS

	PAGE
PREFACE BY THE RIGHT HON. D. LLOYD GEORGE, M.P., CHANCELLOR OF THE EXCHEQUER	vii
CHAPTER I	
THE PRINCIPLES OF THE PEOPLE'S BUDGET	i
CHAPTER II	
THE RECEPTION OF THE PEOPLE'S BUDGET	58
CHAPTER III	
THE FAIRNESS OF THE PEOPLE'S BUDGET	70
CHAPTER IV	
THE PEOPLE'S BUDGET DEFENDED AND AMENDED IN DETAIL	81
CHAPTER V	
TRADE PROMOTED AND UNEMPLOYMENT LESSENED BY THE PEOPLE'S BUDGET	122
THE FINANCE BILL	
THE FINANCE BILL AS AMENDED IN THE HOUSE OF COMMONS	135
INDEX	191

PREFACE

THIS book consists of extracts from my House of Commons speeches explaining and defending the provisions of the Budget I introduced on April 29th, 1909. The financial proposals I then submitted were under discussion in all on seventy-two Parliamentary days, including several all-night sittings. They finally passed the House of Commons on November 4th by a majority which stands recorded at 230 of the elected representatives of the people.

I am only anxious that my fellow-countrymen, in pronouncing an opinion upon this Budget, should know what it really is, and not what it is represented to be by its opponents. I have read the wildest accounts of its proposals given to public audiences by men who ought to know better. These distortions of the Budget are generally presented to partisan gatherings, where there is no one to check or correct false interpretations. Let the people but know what the Budget really contains, and what it really means for them and their children, and I do not doubt their ultimate verdict.

It is common ground between the parties that the State urgently needs sixteen additional millions of money this year. No opponent of the Budget has taken upon himself to challenge the objects on which that money is to be expended.

In the first place, we need additional millions in order to place the defences of our shores above the fears of the most timorous. For that the people must be taxed. Yet those who are the most clamorous for increased naval expenditure have proved to be the least ready to contribute towards it, while those who are the most

doubtful about the wisdom of increasing our armaments have shown themselves to be the readiest to pay their share, once the additional expenditure has been decided upon by the House of Commons.

Then, again, additional millions are needed to save the workers of the land from the bitterness of want in their old age. The Tory party, having won ten years of power on the strength of a promise to confer the boon of Old Age Pensions upon the poor, and having used the position thus won to vote millions a year practically to keep up the rents of their land-owning friends and to give away to the brewers a freehold which belonged to the community, then basely abandoned their pledges. When the present Government, which made no promise on the subject at the last election, undertook to redeem undertakings given by their opponents, what was the attitude of the Tory party? That attitude may be judged from a few passages from Lord Lansdowne's speech on the subject when our Old Age Pensions Bill which I piloted through the Commons came before the House of Lords :

“As I understand this Bill it is a measure which can have no other effect than that of completely undermining the present Poor Law system.”

I should have thought that a very desirable thing. Certainly both the Majority and the Minority Reports of the Poor Law Commission, issued a few months after this declaration in the House of Lords, were very emphatic as to the need for undermining the present Poor Law system. His lordship went on to ask—

“What is going to happen? Just at the time when it might fairly be said that the old taint of pauperism which lingered so long in many parts of the country was finally and entirely disappearing, you bring in this new measure, which, call it what you will, is a vast measure of thinly disguised outdoor relief. . . . I agree with my noble friend Lord Avebury in believing that its effects on the country will be profoundly demoralising.”

Lord Lansdowne concluded his melancholy forebodings by declaring—

“I have come to the conclusion that the wiser course is to throw upon His Majesty’s Government the sole and entire responsibility for a measure which we regard with great apprehension, and which we fear may have far-reaching and disastrous effects upon the future of this country.”

It was thus that Lord Lansdowne talked of the measure, the promise of which gave him ten years of office.

Well, the Liberal Government readily take the entire responsibility for old age pensions. The Government also readily and rightly disregard Lord Lansdowne’s warnings. Humanity demands that something shall be done. The poor have a creditable horror of the workhouse. It is the gaol as well as the goal of poverty. The workhouse may be better than hunger, but it is a humiliating end for men whose honest toil won for them through life at least freedom, though not plenty. The Government pension scheme saves the old from the bitter alternative of starvation, or the staving-off of want by eating bread sodden in shame.

The Budget has to raise over £8,000,000 to preserve nearly 700,000 old people from that cruel dilemma. It provides another million or two for the emancipation of the pauper who is still in the grip of the Poor Law. There are at least 200,000 of these aged toilers who stand at the gates wistfully awaiting the turn of the key with nothing between them now and their redemption but the greed of the Lords. The Lords prefer to wreck the Constitution rather than give their consent to a measure which taxes, though lightly, the pleasures of the few in order to spare the sorrows of the myriad.

The Budget also undertakes to raise money for financing far-reaching schemes to provide against the evils that befall a workman and his family when sickness attacks the breadwinner, or when he is temporarily out of a job owing to the fluctuations of trade or fashion.

The amount of human misery for which these circumstances are responsible is incalculable. When a workman is stretched on a sick bed he most needs comfort and freedom from anxiety. And yet who can tell the torture he endures from the knowledge that while he lies bedfast there is no one to win bread for his little household? The friendly societies have achieved wonders. Workmen can never feel too grateful for what these beneficent institutions have accomplished. Something more is needed. The community must lend its powerful aid. The Budget has made provision, full and liberal, for doing so. It will not be by superseding existing agencies—that would be not merely ingratitude but folly—but rather by using these great organisations already at work that we can alleviate the hard lot of the toiler during the days of his affliction.

Unemployment also accounts for much unmerited distress. It is not the workman's fault that he is out of work. He is just as eager to get a job as his employer is to get orders; but some cause over which neither he nor his employer has any control may have robbed the one of any chance of making a living and the other of all opportunity of making a profit. It may be a bad harvest in the ends of the earth. It may be over-speculation in America or over-production elsewhere. At any rate, whatever it is, the workman has no responsibility for it, but he has to endure all the suffering it brings. No other class in the community is brought face to face with starvation whenever these inevitable dislocations and disturbances of trade occur, and yet the class that most suffers from them has the least responsibility for bringing them about.

A community which allows hundreds of thousands of its citizens whose labour is essential to its prosperity to endure these avertible evils cannot claim to be fully civilised. A provision against the privations from unemployment which come to honest men and women and children is essential to the building up of our civilisation. The Budget has made a double provision of that kind. It finds the money for setting up a scheme of insurance which will keep above want the workman and his family until the evil day is passed. It

also proposes to set up a Fund for developing the neglected resources of our country, and thus furnishing useful and fruitful employment on that soil which is now half cultivated or altogether a waste, or, worst of all, abandoned to the pleasures of the rich.

The greatest provision of all for unemployment, in my judgment, is contained in the Land Clauses of the Budget. Those provisions must have the effect eventually of destroying the selfish and stupid monopoly which now so egregiously mismanages the land. Only the business community in this country, and those who have been associated with it all their lives, can fully appreciate the extent to which the present ownership of land hampers and embarrasses trade and industry. Ask any man with a growing business in town or village in this country, and he will tell you more than all the theorists and agitators in Europe about the mischief done by the unintelligent greed of some of the land-owning classes. It is not merely that extravagant prices are demanded and impossible conditions imposed; but what a business man minds even more is that an atmosphere of uncertainty is created by the powers of incessant interference and inquisition reserved for the landlord and his agents. The Budget strikes the first real blow at this mechanism of extortion and petty persecution. No class of the community will have greater reason to feel joy at the triumph of the Budget than the men engaged in putting their best quality of mind and morale into the building up of the commercial greatness of our nation.

D. LLOYD GEORGE.

November 20th, 1909.

THE BUDGET IN THE HOUSE OF COMMONS

	1909.	No. of Days.
BUDGET SPEECH	29 April	1
BUDGET RESOLUTIONS (In Committee of Ways and Means)	3-21 May	10
BUDGET RESOLUTIONS REPORTED (In Committee of Ways and Means)	24-26 May	3
FINANCE BILL Introduced and Read First Time .	26 May	—
„ Second Reading	7-10 June	4
„ In Committee	21 June-7 Oct.	42
„ Report Stage	19-29 Oct.	9
„ Third Reading	2-4 Nov.	3

The Budget proposals were before the House 72 days in all, with several all-night sittings. There were some 553 divisions. The Closure was seldom moved, and there was no guillotine.

CHAPTER I

THE PRINCIPLES OF THE PEOPLE'S BUDGET *

Growing Sobriety of the People

On the basis of existing taxation and of the estimates of expenditure already presented to Parliament, there is an anticipated deficit of £15,762,000. This amount is perhaps even larger than some Members may have anticipated, but this is attributable in part, at any rate, to the fact that the true revenue of this year from Customs and Excise has been largely anticipated. Towards the end of last year there were unusually heavy withdrawals of all dutiable commodities, particularly of spirits, owing to a not unnatural apprehension of increased taxes. The sum that was thus added to the revenue of last year must be taken away from the revenue for the present year and therefore has to be counted twice in the comparison. This to a great extent accounts for the very large and otherwise inexplicable drop in our estimate of the Excise of the year.

When we come to Customs, the apparent decline of one million pounds is due entirely to the same cause—the transference of £550,000, which properly belongs to the present year, to the receipts of 1908-9, since the normal increase in the consumption of sugar, of tea and of tobacco will, in the opinion of my advisers, more than make up for a probable decline in the

consumption of foreign liquor. I ought to observe that apart altogether from forestalments there was, I will not say an alarming, but an encouraging, diminution in the consumption of alcoholic liquors observable during last year. This was partly due to the very bad trade from which we suffered. But the figures of the last few years justify me in assuming that it was also attributable to the steady growth in the habits of sobriety among the masses of the people.

Trade Improving

Although there is every prospect that before the end of this financial year there will be considerable improvement in the trade of the country—the symptoms are all distinctly favourable—still I shall have to reckon upon a continuation of that steady growth in the habits of self-restraint amongst the people in the matter of indulgence in alcoholic liquors which has been such a very marked feature of the national liquor bill during the past few years, which is so gratifying to the reformer and so discouraging to the revenue. The Committee will bear in mind that a comparatively small decrease in the consumption of a certain class of highly alcoholised liquor would account for a considerable drop in the revenue. These elements taken together—forestalments and increased

* Speech in the House of Commons on introducing the Budget, 29 April, 1909.

temperance—account for the considerable diminution which I anticipate in this branch of the revenue for the coming year, and which adds greatly to my difficulties.

The Increased Yield of Income Tax

Before I leave this brief and cursory examination of the revenue side of my balance sheet I should like specially to call the attention of the Committee to the wonderful steadiness in the yield of the income tax. In spite of one of the worst years of bad trade which this country has experienced for many a year, the income tax has surpassed every prediction and realised nearly a million pounds in excess of the Budget Estimate. No tax could possibly be put to a more severe test, no tax could possibly rise from it more triumphantly than the income tax has during the past year. Whatever else may be said about our fiscal system, there is this to be said for it, that it stands the strain much better than any other system in time of trade depression as far as producing revenue is concerned. So much for the revenue side.

The Expenditure for 1909-10

Now I come to the expenditure side of my balance sheet, and it is to this, after all, that must mainly be ascribed the exceptionally heavy deficit. Were I dealing with a shortage due only to a temporary cause like forestalments I might have resorted to some temporary shift which would have carried me over until next year, when the revenue would resume its normal course. But, unfortunately, I have to reckon with not merely an enormous increase in expenditure this year, but with an inevitable expansion of some of the heaviest items in the course of the coming years. To what is the

increase of expenditure due? It is very well known that it must be placed to the credit of two items and practically two items alone. One is the Navy and the other is Old Age Pensions. Now, I have one observation which I think I am entitled to make about both, and I think that now I am about to propose heavy increased taxation it is an observation that I am entitled to make on behalf of the Government.

The Unanimous Assent to the Increased Expenditure

The increased expenditure under both these heads was substantially incurred with the unanimous assent of all political parties in this House. There was, it is true, a protest entered on behalf of hon. Members below the Gangway against increased expenditure on the Navy, but as far as the overwhelming majority of members in this House are concerned the increase has received their sanction and approval. I am entitled to say more. The attitude of the Government towards these two branches of increased expenditure has not been one of rushing a reluctant House of Commons into expense which is disliked, but rather of resisting persistent appeals coming from all quarters of the House for still further increases under both heads.

OLD AGE PENSIONS

As to the Navy, we are now in the throes of a great agitation to double and even treble the cost of our Construction Vote this year; and as to Old Age Pensions, the responsibility was cast upon me of piloting that Bill through the Committee, and the one difficulty I experienced was to persuade the House of Commons not to press

Amendments which would enormously augment the very heavy bill we were incurring under the original proposals. I had constantly to appeal to the party loyalty of the supporters of the Government to resist Amendments which commended themselves to hon. Members, and which we ourselves would have liked to see carried, in order to confine within something like reasonable limits the Bill which we were encouraged to pass. And these were not Amendments moved by small sections of the House; on the contrary, they were moved from all quarters and almost invariably received the official sanction and support of the Opposition. I say that in order to show that, in the main, the two great items of expenditure which are responsible for this deficit are items which a vast majority of the Members of the House of Commons have not merely sanctioned, but in regard to which they brought a considerable amount of pressure to bear upon the Government to increase.

Expenditure Restricted rather than Extended by the Government

I made a calculation the other day as to what these Amendments would have cost us in the aggregate if we had assented to them, and I am sure the Committee will be surprised to find that Amendments which received the support of the official Leaders of the Opposition, if they had been carried, would have left me to-day to find not £9,000,000, but £14,000,000. The Amendments received the official sanction of the Leaders of the Opposition. I am not complaining of that. On the contrary, I think that many were Amendments representing the extensions of the principle which I think are inevitable; but for the time being our

attitude was to restrict expenditure rather than extend it. There were a few hon. Members who opposed the Bill altogether. There was my hon. Friend the Member for Preston and the hon. Baronet for the City. They represented a very small party, although no doubt a very intelligent party. I am not mentioning these matters by way of reproach to any section, nor with any desire to divest the Government of any share of its responsibility, but merely in order to show that the deficit in respect of which I have to suggest such heavy imposts to-day is not, as has been hinted in many quarters, one which the Government has landed the country into by wild and extravagant socialistic proposals, but rather an expenditure in which the Government represented the minimum demands and in which its proposals were more moderate from the point of view of expenditure than those which emanated from any other section of the House.

A Thrice-Defaulted Obligation Discharged

Before I dismiss this question of the expenditure for this year, I think I am entitled to answer a criticism from another quarter. We are told that we ought not to have touched Old Age Pensions—at any rate, not at the present moment, when heavy liabilities were in sight in connection with the defence of the country. I may point out that when we introduced our Old Age Pensions Bill the emergency had not arisen. But, apart altogether from that, we had no honourable alternative left. We simply honoured a cheque drawn years ago in favour of the aged poor, which bore at its foot the signature of all the leaders of political parties in this country. They had all

promised pensions at election after election, and great political parties have no right to make promises to poor people in return for political support, which is all these people had to give, and then—time after time—return the bill with "No assets" written across it. It was time this measure should be carried for the fair fame of British politicians as a whole. I am glad we have carried it. I am not here on behalf of the Government to apologise for having done it. On the contrary, I think all political parties ought to be pleased that this thrice defaulted obligation has at last been discharged.

The Financial Outlook

Before I come to explain the proposals which I shall submit to the Committee for the liquidation of this deficit I must invite hon. Members to join me in taking a wider survey of our financial responsibilities at this moment. It must be patent to every-one cognisant of the facts that fresh liabilities must be incurred next year in connection with the Navy and with social reform. These are commitments to which we are pledged, and from which no Government can honourably escape, and if I were to ignore these liabilities altogether in arranging my finance for this year I might, it is true, lighten my burden very considerably, but I should be guilty of an unbusiness-like short-sightedness which would be highly culpable.

I cannot conceive anything which would be more disturbing to trade than the uncertainty which must ensue if it were thought that in addition to the taxes for the year, new and unknown taxes were looming in the near future. It is far better, as well as bolder, therefore, that we should

frankly examine the financial outlook and make provision not merely for the ascertained needs of the year, but for the further and increased liabilities which are not merely in sight, but to which the Government and Parliament are definitely and irrevocably committed. Prudence seems to me to dictate such a policy, and although it may seem as if we were needlessly anticipating troubles of the morrow, still those troubles are inevitable, and it is therefore better to provide against them without delay. This is the course which would be adopted in any commercial undertaking conducted on ordinary business lines. Whenever an exceptional effort has to be made to raise money for the discharge of liabilities already incurred, stock is generally taken of all further liabilities which must necessarily be incurred in the immediate future, and the financial provision made generally covers both present and future indebtedness. That is the course I propose to follow in the financial operations which I shall submit to the judgment of the Committee.

THE NAVY

Let us, therefore, examine our commitments. First of all comes the Navy. Up to the present we have been considering the Naval problem from the point of view of merely spending money.

I shall now have to invite hon. Members and the country to consider the Naval problem from the equally essential but less agreeable standpoint of paying. Spending is pleasant, paying is irksome; spending is noble, paying is sordid. And it is on me falls the labour of making the arrangements for the less attractive part of the Naval programme. Let us see what it means.

Eight Dreadnoughts adds 4d. to Income Tax

The building of two "Dreadnoughts" represents nearly a penny a year on the income tax during the two years of construction. The construction of four "Dreadnoughts," therefore, represents nearly 2d., and of eight "Dreadnoughts" nearly 4d., added on to the income tax. It is my business as Finance Minister to consider all these programmes which add to the expenditure of the country in the terms of new taxes. In estimating what the Naval programme is likely to cost the Chancellor of the Exchequer next year I must, of course, premise that it is quite impossible with even approximate accuracy to forecast twelve months ahead what the expenditure in any Department of the Government is likely to be; at any rate, so I am assured.

Gigantic Increase in Next Year's Naval Expenditure

But there are one or two facts which lead to the inevitable conclusion that we must look forward to a considerable increase in our Naval expenditure next year. Let us, first of all, examine the prospect, if the programme this year is confined to four "Dreadnoughts." Then I will examine what it will mean if we have eight "Dreadnoughts." The Vote taken this year in respect of building these four "Dreadnoughts" will cover building operations in the case of two "Dreadnoughts" for nine months, in the case of the second instalment for only six months, and the first few months' expense upon these huge machines is, I am told, the least burdensome. But next year the Treasury will have to find money for paying the whole cost of construction of four "Dreadnoughts" during an unbroken

period of twelve months. This, in addition to an eleven months' building on the two "Dreadnoughts" which were laid down some time ago, will bring up the Estimates of the year for Naval construction to a figure which is considerably above even the increased estimate of this year. But if, in addition to these four "Dreadnoughts," we are to have a twelve months' expenditure upon still four more, the Naval bill for the year will attain very serious and grave dimensions indeed, at which the taxpayer may well shudder. It is quite impossible to say in advance what the Naval Estimates will be next year, because there are other items in those estimates, but on construction alone the increase will be something gigantic.

The Imperative Duty of Providing Further Defence of the Country

I am not putting these considerations forward in any sense as reasons why we should not incur this expenditure. Whatever be the cost, no great country can afford to shirk its responsibilities for the defence of its coasts against every possible invader, and I am not dwelling on the magnitude of the burden which is cast upon us in order to suggest that we should in the slightest degree lighten the load by evading any part of our obligations. I have simply invited the Committee to consider the prospect in front of them, not with a view to urging them to run away from the imperative duty which is thrust upon them of providing for the defence of the country, but rather in order that they might follow me in facing that prospect, and make beforehand all the provision which wise and resolute forethought shall deem adequate for the occasion. We all value too highly the immunity which this

country has so long enjoyed from the horrors of an invaded land to endanger it for lack of timely provision.

Security an Essential Part of National Wealth

That immunity at its very lowest has been for generations, and still is, a great national asset. It has undoubtedly given us the tranquillity and the security which have enabled us to build up our great national wealth. It is an essential part of that wealth. At the highest it means an inviolable guarantee for our national freedom and independence. Nay, more. Many a time in comparatively recent history it has been the citadel and the sole guarantee which have saved the menaced liberties of Europe from an impending doom. I can assure hon. Members if they still have any suspicion lurking in their minds that any Member of this Government or of this party proposes in any ill-judged fit of parsimony to risk even for an hour so precious a national treasure, they can dismiss those unworthy suspicions entirely from their minds. Such a stupendous act of folly would, in the present temper of nations, not be Liberalism, but lunacy. We do not intend to put in jeopardy the naval supremacy which is so essential not only to our national existence, but, in our judgment, to the vital interests of Western civilisation. We cannot afford to build navies against nightmares. But, in my judgment, it would also be an act of criminal insanity to throw away £8,000,000 of money which is so much needed for other purposes on building gigantic flotillas to encounter mythical Armadas. That is why we propose only to incur this enormous expenditure when the need for it arises.

We must ensure the complete security of our shores against all real dangers, but, rich nation as we are, we cannot afford to build navies against nightmares. It is much too expensive an operation. To throw away millions of money when there is no real need for it purely to appease an unreasoning panic would be to squander resources essential to our safety in time of real danger.

The Middle Path between Panic and Parsimony

It is the business of a Government to follow with calmness, as well as with courage, the middle path between panic and parsimony, which is the only safe road to national security. However, as it may be necessary to make arrangements for laying down all the eight "Dreadnoughts" on 1st April, 1910, so as to complete them by April, 1912, the financial proposals which I shall submit to the Committee will be of such a character that we can pay for them without resorting either to additional taxation or to the vicious expedient of a loan. Should it on the other hand be discovered that our fears are groundless, and that this precipitate "Dreadnought" building is unnecessary, then the money will find its uses either in further endowment of our social programme for the benefit of the masses of the people or in giving the much-promised relief to the local ratepayer.

The Pressure upon the Local Ratepayer

He is entitled to consideration in respect of the increased expenditure imposed upon him by the late Government and by the present Government, more especially in educational matters. He has also been very hard pressed

owing to the increased costliness of maintaining the roads, attributable to the development in mechanical traction. I am not sure that it is altogether a fiscal question. It has almost become a great social question; for the municipalities are at the end of their resources, and their work is almost at a standstill in many of these areas because they cannot afford to spend what is absolutely necessary on their development. The local ratepayer has been promised consideration by successive Governments, and he is surely entitled to get it. I think I can safely say more: the financial proposals which I shall lay before the House will enable me to make good that promise.

PRESSING SOCIAL PROBLEMS

Now I come to the consideration of the social problems which are urgently pressing for solution—problems affecting the lives of the people. The solution of all these questions involves finance. What the Government have to ask themselves is this: Can the whole subject of further social reform be postponed until the increasing demands made upon the National Exchequer by the growth of armaments have ceased? Not merely *can* it be postponed, but ought it to be postponed? Is there the slightest hope that if we deferred consideration of the matter, we are likely within a generation to find any more favourable moment for attending to it? And we have to ask ourselves this further question: If we put off dealing with these social sores, are the evils which arise from them not likely to grow and to fester, until finally the loss which the country sustains will be infinitely greater than anything it would have to bear in paying the cost of an immediate remedy?

There are hundreds of thousands of men, women, and children in this country now enduring hardships for which the sternest judge would not hold them responsible; hardships entirely due to circumstances over which they have not the slightest command; the fluctuations and changes of trade, even of fashions; ill-health and the premature breakdown or death of the breadwinner. Owing to events of this kind, all of them beyond human control—at any rate beyond the control of the victims—thousands, and I am not sure I should be wrong if I said millions, are precipitated into a condition of acute distress and poverty. How many people there are of this kind in this wealthy land the figures as to Old Age Pensions have thrown a very unpleasant light upon. Is it fair, is it just, is it humane, is it honourable, is it safe to subject such a multitude of our poor fellow-countrymen and countrywomen to continued endurance of these miseries until nations have learnt enough wisdom not to squander their resources on these huge machines for the destruction of human life? I have no doubt as to the answer which will be given to that question by a nation as rich in humanity as it is in store.

Provision must be made for those out of work through no fault of their own

Last year, whilst we were discussing the Old Age Pensions Bill, all parties in this House recognised fully and freely that once we had started on these lines the case for extension was irresistible. The Leader of the Opposition, in what I venture to regard as probably the most notable speeches he has delivered in this Parliament—I refer to his speech on the third reading

of the Old Age Pensions Bill and the speech he delivered the other day on the question of unemployment—recognised quite boldly that whichever party was in power provision would have to be made in some shape or other for those who are out of work through no fault of their own and those who are incapacitated for work owing to physical causes for which they are not responsible. And there was at least one extension of the Old Age Pensions Act which received the unanimous assent of the House and which the Government were pressed to give, not merely a Parliamentary but a Statutory pledge to execute. I refer to the proposal to extend the pension to the meritorious pauper.

Removal of Pauper Disqualification from Old Age Pensions

During the discussion on the Old Age Pensions Bill in the House of Commons, several Amendments were moved with a view to extending the benefits of the Act to the septuagenarian pauper, and I think it was generally felt in all quarters of the House that it was rather hard upon those who had managed up to a ripe old age by a life of hard work to keep off the Poor Law, and who only finally resorted to parochial relief when their physical powers utterly failed them—it was rather hard they should be still kept to their miserable and pauper-tainted allowance of 2s. 6d. a week, while their more fortunate, but not more deserving, neighbours were in receipt of an honourable State pension of 5s. a week, and often of 10s. a week. That cannot possibly stand. It was condemned by all, and could only be defended by the Government on the ground of stern financial necessity. With the unanimous assent of

the House of Commons a purely provisional character was given to the pauper disqualification, and, unless something is done, it automatically comes to an end on the 1st January, 1911, and all these poor old people, numbering between 200,000 and 300,000, will become chargeable to the Pension Fund.

Part of the Cost to be contributed from Local Funds

I cannot recommend Parliament to undertake the whole financial burden of putting such a transaction through. It would put too heavy a charge upon the Exchequer, and there is no reason why it should fall entirely upon Imperial funds. At the present moment these paupers cost something like £2,000,000 to the local rates of the country. If we received a contribution from local funds which would be substantially equivalent to the relief which would be afforded by withdrawing such a large number of paupers from the rates, then something could be done to remove this crying hardship. My right hon. friend the President of the Local Government Board and I have entered into negotiations with some representatives of local authorities with a view to effecting an arrangement on this basis, and although we have not yet arrived at any decision as to the amount of the national contribution, we are very hopeful of being able to enter into a bargain which will be satisfactory to all parties concerned. I do not think it would be desirable for me at this stage to give any figures—otherwise it might embarrass us in the negotiations—but it is my intention in the financial proposals which I shall submit to the House, I am afraid not this year, but probably next year, to make provision

which will enable us with the assistance of the local authorities to raise over 200,000 old people from the slough of pauperism to the dignity and the comparative comfort of State pensioners. That is a contingent liability which I am bound to take full note of in arranging for my finance, because it is perfectly clear we cannot impose taxation this year and next year impose new taxation for proposals of which at the present moment we have full cognisance.

The Problem of Human Suffering

But still, all those who have given any thought and study to this question must realise that the inclusion of the septuagenarian pauper is but a very small part of the problem which awaits solution—a problem of human suffering which does not become any easier of solution by postponement. On the contrary, the longer we defer the task of grappling with it the more tangled and the more desperate it becomes. We are pledged, definitely pledged, by speeches from the Prime Minister given both in the House and outside, to supplementing our Old Age Pensions proposals. How is that to be done?

Reduction of the Age Limit Impossible

It has been suggested that we should reduce the age limit. I am emphatically of opinion that that is the most improvident and ineffective method of approaching the question, and that it would be the line upon which advance would be slowest and most difficult, and which would achieve the least hopeful results. For the moment it is financially impracticable.

A reduction of the age limit to 65 would cost an additional 15 or 20

millions a year to the Exchequer. I will not say that is beyond the resources of a rich country like this, but it is much the most wasteful way of dealing with the question, for whilst it would afford relief to many thousands and hundreds of thousands probably who neither need nor desire it, and whose strength is probably more happily and profitably employed in labour, it would leave out of account altogether far and away the most distressing and the most deserving cases of poverty.

The Dominating Causes of Poverty

What are the dominating causes of poverty amongst the industrial classes? For the moment I do not refer to the poverty which is brought about by a man's own fault. I am only alluding to causes over which he has no control. Old age, premature breakdown in health and strength, the death of the breadwinner, and unemployment due either to the decay of industries and seasonable demands, or to the fluctuations or depressions in trade. The distress caused by any or either of these causes is much more deserving of immediate attention than the case of a healthy and vigorous man of 65 years of age, who is able to pursue his daily avocation, and to earn without undue strain an income which is quite considerable enough to provide him and his wife with a comfortable subsistence.

Bismarck's Superb Scheme of Workman's Insurance

When Bismarck was strengthening the foundations of the new German Empire one of the very first tasks he undertook was the organisation of a scheme which insured the German

workmen and their families against the worst evils arising from these common accidents of life. And a superb scheme it is. It has saved an incalculable amount of human misery to hundreds of thousands and possibly millions of people.

Wherever I went in Germany, north or south, and whomever I met, whether it was an employer or a workman, a Conservative or a Liberal, a Socialist or a Trade Union Leader—men of all ranks, sections and creeds, with one accord joined in lauding the benefits which have been conferred upon Germany by this beneficent policy. Several wanted extensions, but there was not one who wanted to go back. The employers admitted that at first they did not quite like the new burdens it cast upon them, but they now fully realised the advantages which even they derived from the expenditure, for it had raised the standard of the workman throughout Germany.

The Advantages Derived by the German Employer

By removing that element of anxiety and worry from their lives it had improved their efficiency. Benefits which in the aggregate amounted to 40 millions a year were being distributed under this plan. When I was there the Government were contemplating an enlargement of its operations which would extend its benefits to clerks and to the widows and orphans of the industrial population. They anticipated that when complete the total cost of the scheme would be 53 millions a year. Out of the present benefits of 40 millions the Government contribute something under 3 millions a year. Out of the 53 millions they were looking forward to having to find 5 millions. I know it is always suggested

that any approval of the German scheme necessarily involves a condemnation of the Act of last year. That is not so. The Act of last year constitutes the necessary basis upon which to found any scheme based on German lines. It would be quite impossible to work any measure which would involve a contribution from men who are either already 70 years of age or approaching the confines of that age as a condition precedent to their receiving any benefits. It was therefore essential that people who had attained this great age should be placed in a totally different category. But that is not a reason why the young and vigorous who are in full employment should not be called upon to contribute towards some proposals for making provision for those accidents to which we are all liable, and always liable.

The Voluntary and Compulsory Systems of Insurance

At the present moment there is a network of powerful organisations in this country, most of them managed with infinite skill and capacity, which have succeeded in inducing millions of workmen in this country to make something like systematic provision for the troubles of life. But in spite of all the ability which has been expended upon them, in spite of the confidence they generally and deservedly inspire, unfortunately there is a margin of people in this country amounting in the aggregate to several millions who either cannot be persuaded or perhaps cannot afford to bear the expense of the systematic contributions which alone make membership effective in these great institutions. And the experience of this and of every other country is that no plan or variety of plans short of an universal compulsory system can ever

hope to succeed in adequately coping with the problem. In this country we have trusted until recently to voluntary effort, but we found that for old age and accidents it was insufficient.

The Belgian System

In Belgium they have resorted to the plan of granting heavy subsidies to voluntary organisations, and they have met with a certain amount of success. But whether here or in Belgium, or in any other land, success must be partial where reliance is absolutely placed upon the readiness of men and women to look ahead in the days of abounding health and strength and buoyancy of spirit to misfortunes which are not even in sight, and which may be ever averted.

Proposals of the Poor Law Commission

The Government are now giving careful consideration to the best methods for making such a provision. We are investigating closely the plans adopted by foreign countries, and I hope to circulate Papers on the point very soon. We have put ourselves into communication with the leaders of some of the principal friendly societies in the country with a view to seeking their invaluable counsel and direction. We could not possibly get safer or more experienced advisers. We are giving special attention to the important reports of the Poor Law Commission, both Majority and Minority, which advise that the leading principle of Poor Law legislation in future should be the drawing of a clear and definite line between those whose poverty is the result of their own misdeeds and those who have been brought to want through misfortune.

The Guiding Principles in any Scheme to be Adopted in this Country

All I am in a position now to say is that, at any rate, in any scheme which we may finally adopt we shall be guided by these leading principles or considerations. The first is that no plan can hope to be really comprehensive or conclusive which does not include an element of compulsion. The second is that for financial as well as for other reasons, which I do not wish to enter into now, success is unattainable in the near future, except on the basis of a direct contribution from the classes more immediately concerned. The third is that there must be a State contribution substantial enough to enable those whose means are too limited and precarious to sustain adequate premiums to overcome that difficulty without throwing undue risks on other contributors. The fourth, and by no means the least important, is that in this country, where benefit and provident societies represent such a triumph of organisation of patience and self-government, as probably no other country has ever witnessed, no scheme would be profitable, no scheme would be tolerable, which would do the least damage to those highly beneficent organisations. On the contrary, it must be the aim of every well-considered plan to encourage, and, if practicable, as I believe it is, to work through them.

All that is now Necessary to put Ourselves on a Level with Germany

That is all I propose to say on that particular subject at this juncture. I have gone into it at this length merely to indicate that here also is a source of contingent liability which I am bound to take into account in my financial

scheme. In this country we have already provided for the aged over 70. We have made pretty complete provision for accidents. All we have now left to do in order to put ourselves on a level with Germany—I hope our competition with Germany will not be in armaments alone—is to make some further provision for the sick, for the invalided, for widows and orphans. In a well-thought-out scheme, involving contributions from the classes directly concerned, the proportion borne by the State need not, in my judgment, be a very heavy one, and is well within the compass of our financial capacity without undue strain upon the resources of the country.

Unemployment

The Government are also pledged to deal on a comprehensive scale with the problem of unemployment. The pledges given by the Prime Minister on behalf of the Government are specific and repeated. I do not wish to encourage any false hopes. Nothing that a Government can do, at any rate with the present organisation of society, can prevent the fluctuations and the changes in trade and industry which produce unemployment. A trade decays, and the men who are engaged in it are thrown out of work. We have had an illustration within the last few days, to which Lord Rosebery has so opportunely called our attention, in the privation suffered by the horse cabdriver owing to the substitution of mechanical for horse traction. That is only one case out of many constantly happening in every country. Then there are the fluctuations of business, at one moment filling a workshop with orders which even overtime cannot cope with, and at another moment leaving the same

workshops with rusting machinery for lack of something to do.

Impossible to Establish an Absolute Equilibrium in Trade

Trade has its currents, and its tides, and its storms and its calms like the sea, and, like the sea, they seem to be as little under human control, or, at any rate, as little under the control of the victims of these changes; and to say that you can establish by any system an absolute equilibrium in the trade and concerns of the country is to make a promise which no man of intelligence would ever undertake to honour. You might as well promise to smooth out the Atlantic Ocean. But still, it is poor seamanship that puts out to sea without recognising its restlessness, and the changeableness of the weather, and the perils and suffering thus produced. These perils of trade depression come at regular intervals, and every time they arrive they bring with them an enormous amount of distress. It is the business of statesmanship to recognise that fact, and to address itself with courage and resolution to provide against it.

Insurance against Unemployment

Now, I have a word to say about the proposals of the Government to meet this state of things. The Poor Law Commission has recently called attention to the importance of endeavouring to devise some effective scheme of insurance against unemployment. The question is one which bristles with difficulties, and the Commission put forward no definite scheme of their own, but they expressly approved the principle, and recommended that immediate steps should be taken to devise a workable scheme. My right hon. friend the President of the Board

of Trade has anticipated this recommendation, and the Board of Trade have been closely engaged for the last six months in endeavouring to frame and develop a scheme which, while encouraging the voluntary efforts now being made by trade unions to provide unemployment benefit for their members, will extend the advantage of insurance to a very much larger circle of workmen, including unskilled labourers. I do not now speak of the unemployment due to infirmity or personal failings or of unemployment due to labour disputes, but to that unemployment, by far the larger part of the evil, which occurs as a regular feature, varying with seasons and cycles, in important groups of trades; which renders the position of the worker in such trades unusually precarious; and which can only be dealt with, and ought clearly to be dealt with, by a process of spreading wages and of averaging risks and fluctuations.

A National System of Labour Exchanges

I do not propose to enter into the details of the Board of Trade scheme, which is, however, far advanced, and for which the national system of labour exchanges promised in the King's Speech will afford the necessary machinery. We recognise in this matter that we must walk with caution, and that it will be best to begin with certain groups of trades peculiarly liable to the fluctuations I have referred to and in other respects suitable for insurance, rather than to attempt to cover the entire area of industry. The Royal Commission were emphatic in recommending that any scheme of unemployment insurance should have a trade basis, and we propose to adopt this principle. Within the selected trades, however,

the scheme will apply universally to all adult workers. Any insurance scheme of this kind must necessarily require contributions from those engaged in the insured trades, both as employers and employed; but we recognise the necessity of supplementing these contributions by a State grant and guarantee. We cannot, of course, attempt to pass the necessary Bill to establish unemployment insurance during the present Session. But the postponement will not involve any real delay, for the establishment of labour exchanges is a necessary preliminary to the work of insurance, and this will occupy time which may also be advantageously employed in consulting the various interests upon the details of the scheme and in co-ordinating its financial provisions with the machinery of invalidity and other forms of insurance.

The possibilities for healthy productive employment not exhausted

So much for the provision which we hope to be able to make for those who, under the changing conditions which are inevitable in trade and commerce, are temporarily thrown out of employment. We do not put this forward as a complete or an adequate remedy for all the evils of unemployment, and we do not contend that when this insurance scheme has been set up and financed that the State has thereby done all in its power to help towards solving the problem. After all, it is infinitely better, in the interests both of the community and of the unemployed themselves, that the latter should be engaged on remunerative work, than that they should be drawing an allowance from the most skilfully contrived system of insurance.

This country is small—I suppose it is the smallest great country in the world—but we have by no means exhausted its possibilities for healthy and productive employment. It is no part of the function of a Government to create work; but it is an essential part of its business to see that the people are equipped to make the best of their own country, are permitted to make the best of their own country, and, if necessary, are helped to make the best of their own country.

The Resettlement of Deserted Areas in Britain

A State can and ought to take a longer view and a wider view of its investments than individuals. The resettlement of deserted and impoverished parts of its own territories may not bring to its coffers a direct return which would reimburse it fully for its expenditure; but the indirect enrichment of its resources more than compensates it for any apparent and immediate loss. The individual can rarely afford to wait, a State can; the individual must judge of the success of his enterprise by the testimony given for it by his bank book; a State keeps many ledgers, not all in ink, and when we wish to judge of the advantage derived by a country from a costly experiment we must examine all those books before we venture to pronounce judgment.

The Waste and Wilderness in a crowded little Island

Any man who has crossed and recrossed this country from north to south and east to west must have been perplexed at finding that there was so much waste and wilderness possible in such a crowded little island. There are millions of acres in this country

which are more stripped and sterile than they were, and providing a living for fewer people than they did even a thousand years ago—acres which abroad would either be clad in profitable trees or be brought even to a higher state of cultivation. We want to do more in the way of developing the resources of our own country. There is much to be done for the resettlement of neglected and forgotten areas in Britain. We have been spending for the last two or three years £200,000 to £300,000 a year upon work which I would not like to discourage. I have no doubt that it has relieved a great deal of distress, and that it is the best thing that could be done as a temporary shift and expedient, and all thanks and gratitude are due to the people who have devoted their time, leisure, and labour in expending the money in the most profitable way possible, but still it is a wasteful expenditure. Sometimes, I have no doubt, some good is done, but it is wasteful whenever you create work for the sake of creating it. We think that the money could be spent much more usefully and profitably, and with better direction, so long as we take a wider view of our responsibility in this matter.

Afforestation

This brings me straight to the question of afforestation. There is a very general agreement that some steps should be taken in the direction, I will not say of afforesting, but of reafforesting the waste lands of this country. Here, again, we are far behind every other civilised country in the world. I have figures here on this point which are very interesting. In Germany, for instance, out of a total area of 133,000,000 acres, 34,000,000,

or nearly 26 per cent., are wooded; in France, out of 130,000,000 acres, 17 per cent.; even in a small and densely populated country such as Belgium 1,260,000 acres are wooded, or 17 per cent., out of a total area of 7,280,000 acres. Again, in the Netherlands and Denmark, out of total areas of 8 and $9\frac{1}{2}$ million acres respectively, over 600,000 acres, or between 7 and 8 per cent., are wooded. In the United Kingdom, on the other hand, out of 77,000,000 acres, only 3,000,000, or 4 per cent., are under wood.

The Example of Germany

Sir Herbert Maxwell, who has made a study of this question for a good many years, and whose moderation of statement is beyond challenge, estimates that, in 1906, "eight millions were paid annually in salaries for the administration, formation and preservation of German Forests, representing the maintenance of about 200,000 families, or about one million souls," and that, "in working up the raw material yielded by the forests, wages were earned annually to the amount of 30 millions sterling, maintaining about 600,000 families, or three million souls."

Britain as well adapted for Forest Work as Germany

Anyone who will take the trouble to search out the Census Returns will find out that the number of people directly employed in forest work in this country is only 16,000. And yet the soil and the climate of this country are just as well adapted for the growth of marketable trees as are those of the States of Germany. I am disposed to agree with people who contend that afforestation is not particularly well adapted

to the provision of employment on any large scale for the kind of labourer who is thrown out of work by the fluctuations of trade in the towns, and that its real utility will be rather found (to use the phrase of the hon. Member for Merthyr) "in the extension of the area of employment." It will be serviceable in providing employment in the rural districts during that inclement season of the year when work is least abundant. It would also afford an excellent adjunct to a system of small holdings and allotments.

Experiments and a Trained Body of Foresters necessary

Recently we have been favoured with a striking Report of a Royal Commission very ably presided over by my hon. Friend the Member for Cardiff. A perusal of the names attached to that Report will secure for it respectful and favourable consideration. It outlines a very comprehensive and far-reaching scheme for planting the wastes of this country. The systematic operation which the Commission recommend is a gigantic one, and before the Government can commit themselves to it in all its details, it will require very careful consideration by a body of experts skilled in forestry. I am informed by men whom I have consulted, and whose opinion on this subject I highly value, that there is a good deal of preliminary work which ought to be undertaken in this country before the Government could safely begin planting on the large scale indicated in that Report. I am told that experiments ought to be made, so as to test thoroughly the varying conditions of climate and soil and the best kind of trees and methods of planting to meet those variations. I am also told that we cannot command the ser-

vices in this country of a sufficient number of skilled foresters to direct planting. I am advised, and, personally, I am disposed to accept that counsel as the advice of prudence, that the greater haste in this matter will mean the less speed, and that to rush into planting on a huge scale, without first of all making the necessary experiments, organising a trained body of foresters, and taking all other essential steps to secure success when you advance, would be to court disaster, which might discourage all future attempts.

Our Parsimonious Encouragement of Agriculture

I will tell the Committee how I propose that this subject should be dealt with; but, before I do so, I have something more to say about proposals for aiding in the development of the resources of our own country. The State can help by instruction, by experiment, by organisation, by direction, and even, in certain cases which are outside the legitimate sphere of individual enterprise, by incurring direct responsibility. I doubt whether there is a great industrial country in the world which spends less money on work directly connected with the development of its resources than we do. Take, if you like, and purely as an illustration, one industry alone—agriculture—of all industries the most important for the permanent well-being of any land. Examine the Budgets of foreign countries—we have the advantage in other directions—but examine and compare them with our own, and hon. Members will be rather ashamed at the contrast between the wise and lavish generosity of countries much poorer than ours and the short-sighted and niggardly parsimony with which

we dole out small sums of money for the encouragement of agriculture in our country.

Two Remedies—one would make Food costlier; the other, Food more abundant and cheaper

We are not getting out of the land anything like what it is capable of endowing us with. Of the enormous quantity of agricultural and dairy produce and fruit, and of the timber imported into this country, a considerable portion could be raised on our own lands. On this, hon. Members opposite and ourselves will agree. The only difference is as to the remedy. In our opinion, the remedy which they suggest would make food costlier and more inaccessible for the people; the remedies which we propose, on the other hand, would make food more abundant, better, and cheaper. What is it we propose?—and, let the Committee observe, I am only dealing with that part of the problem which affects finance.

NATIONAL DEVELOPMENT GRANT

I will tell the House therefore, briefly, what I propose doing in regard to this and all kindred matters I have dwelt upon. There is a certain amount of money—not very much—spent in this country in a spasmodic kind of way on what I call the work of national development—in light railways, in harbours, in indirect but very meagre assistance to agriculture. I propose to gather all these grants together into one Development Grant, and to put in this year an additional sum of £200,000. Legislation will have to be introduced, and I will then explain the methods of administration and the objects in greater detail, but the grant

will be utilised in the promotion of schemes which have for their purpose the development of the resources of the country. It will include such objects as the institution of schools of forestry, the purchase and preparation of land for afforestation, the setting up of a number of experimental forests on a large scale, expenditure upon scientific research in the interests of agriculture, experimental farms, the improvement of stock—as to which there have been a great many demands from people engaged in agriculture—the equipment of agencies for disseminating agricultural instruction, the encouragement and promotion of co-operation, the improvement of rural transport so as to make markets more accessible, the facilitation of all well-considered schemes and measures for attracting labour back to the land by small holdings or reclamation of wastes.

More Labour on the Land

Every acre of land brought into cultivation, every acre of cultivated land brought into a higher state of cultivation, means more labour of a healthy and productive character. It means more abundant food—cheaper and better food for the people.

The sum which I propose to set aside for these large and diverse purposes may seem disproportionate, especially as a good deal of capital expenditure will necessarily be invested in the carrying out more especially of the experiments. For the purpose of afforestation schemes, at any rate in the earlier stages, when the expenditure will be particularly heavy, I propose that borrowing powers should be conferred upon the Commission directing the distribution of the grant, though I intend to avoid the necessity of resort

to loans in connection with the capital expenditure required for other parts of the scheme.*

Surplus Savings to go to Development Fund

I should hope to attain this end by what may at first sight appear a proposal of a more drastic character. Hitherto all surpluses due either to unexpected accretions to the revenue or savings upon the Estimates have passed automatically into the old Sinking Fund for the liquidation of debt. I propose that all these unanticipated accretions and economies shall in future pass into the Development Fund, so as to constitute a reserve for the purpose of money to be spent on the recommendations of the Commissioners, but under the direction of Parliament, on such objects as I have too compendiously sketched. The days of surpluses are not quite gone, and I sincerely hope, although the omens are for the moment bad, that the days of economising in public Departments are not over. Last year the various Departments saved over two millions, and I feel confident that we shall not look in vain for a similar spirit of cautious and conscientious dealing with public money in the course of the coming years.

To Replenish our Capital of Human Material

We have, more especially during the last 60 years, in this country accumulated wealth to an extent which is almost unparalleled in the history of the world, but we have done it at an ap-

* Mr. JOHN REDMOND: Does this include Ireland?

Mr. LLOYD GEORGE: Oh, yes. I should hope to retain a great deal of money in Ireland for the purposes of which I have spoken.

palling waste of human material. We have drawn upon the robust vitality of the rural areas of Great Britain, and especially of Ireland, and spent its energies recklessly in the devitalising atmosphere of urban factories and workshops as if the supply were inexhaustible. We are now beginning to realise that we have been spending our capital, and at a disastrous rate, and it is time we should make a real, concerted, national effort to replenish it. I put forward this proposal, not a very extravagant one, as a beginning.

MOTOR TRAFFIC AND ROADS

It would be better that I should in this connection inform the House of another project which I shall have to submit in detail to its judgment later on in the course of the Session, but as it involves a substantial addition to the financial burdens of the year, I have to outline its general character in my Budget statement. It also has an indirect, but important, bearing on the question of providing useful and not purposeless employment in times of depression. I propose that a beginning should be made this year with a scheme for dealing with the new, but increasingly troublesome, problem of motor traffic in this country. We are far ahead of all other European countries in the number of motor vehicles upon our roads. We have at least three times as many as France and more than four times as many as Germany. And I am informed by those best able to judge, that to-day among the products of our factories are some of the best cars procurable in the world, both as regards the comparative perfection of the more costly vehicles and the value given for the prices asked for those designed for popular use.

The Future of Motor Industry must add to Cost of Road Maintenance

I therefore look forward to a great future for this industry, and I am the last to wish to hinder its development or be responsible for proposals which would be in any way hostile to its interests. Quite the reverse. I am anxious to be helpful to its growth and prosperity. But I cannot help feeling that this problem is urgent, and calls for immediate attention. Any man who takes the trouble to consider the damage which is done to the roads of this country, often by men who do not contribute—or perhaps I ought to put it in another way, who have not been given the opportunity of contributing to the upkeep of the roads they help so effectively to tear up—the consequent rapid increase in the expense of road maintenance, the damage done, if not to agriculture, at least to the amenities of rural life by the dust clouds which follow in the wake of these vehicles, above all, the appalling list of casualties to innocent pedestrians, and especially to children, must come to the conclusion that this is a question which demands immediate notice at the hands of the Central Government. The question of road construction, which was at one time deemed to be part of the essential development of the country, seemed to have been almost finally disposed of by the railways, but the advent of the motor has once more brought it to the front. It is quite clear that our present system of roads and of road-making is inadequate for the demands which are increasingly made upon it by the new form of traction. Roads are too narrow, corners are too frequent and too sharp, high hedges have their dangers, and the old metalting, admirably suited as it was to the

vehicles we were accustomed to, is utterly unfitted for the motor-car.

The Administration of our Roads

If there be any truth at all in Ruskin's assertion that "all social progress resolves itself into the making of new roads," it must be admitted that we have been lamentably deficient. The State has for a very long period done nothing at all for our roads. I believe that no main road has been made out of London for 80 years. We have no central road authority. The roads of England and Wales are administered by 30 metropolitan authorities (including the London County Council and the City of London Corporation), 61 county councils, 326 county and non-county borough councils, and 1,479 urban and rural district councils. The great North Road, our greatest historic and national highway from London to Carlisle, is under no fewer than 72 authorities, of whom 46 are actually engaged in maintaining it. Among those are such authorities as the Kirklington Urban District Council, which controls one mile, and the Thirsk Rural District Council, which is responsible for 1 mile 1,120 yards in one place and 2 miles 200 yards in another!

A Central Road Authority—Motorists to Bear the Brunt of the Expense

Both the general public and motorists are crying out for something to be done, and we propose to make a real start. How the funds will be raised for the purpose it will be my duty later on to explain; the only indication I shall give now is that the brunt of the expense at the beginning must be borne by motorists, and to do them justice they are willing, and even

anxious, to subscribe handsomely towards such a purpose, so long as a guarantee is given in the method and control of the expenditure that the funds so raised will not merely be devoted exclusively to the improvement of the roads, but that they will be well and wisely spent for that end.

New Roads to be Made where Necessary

For that reason we propose that the money shall be placed at the disposal of a central authority, who will make grants to local authorities for the purpose of carrying out well-planned schemes which they have approved for widening roads, for straightening them, for making deviations round villages, for allaying the dust nuisance; and I should also propose that power should be given to this central authority to set aside a portion of the money so raised for constructing, where they think it necessary and desirable, absolutely new roads. Power will be given them not merely to acquire land for that purpose, but also for the acquisition of rights over adjoining lands, so as to enable them eventually to bring into being new sources of revenue by taking full advantage of the increment and other benefits derived from the new easements they will be creating for the public. That is all I have to say with regard to expenditure, and I now come to the question of how I have to meet it.

A Special Fund to be Raised

Once more I want to make it clear before I dismiss this part of the subject that the expenditure undertaken out of the fund must be directly referable to work done in connection with the exigencies of the motor traffic of the country. Although this is expenditure

which will be incurred in the course of the present year, and is, therefore, not in the same category as the prospective liabilities which I have hitherto sketched, I do not think it incumbent on me to add this new liability to the ordinary deficit for the year, and I think the House will see that I have a sufficient reason for not doing so. I propose to deal with this expenditure by raising a special fund for the purpose, and it is therefore not quite in the position of being part of the current expenditure of the year. The expenditure will be strictly limited by the revenue we succeed in raising.

LIBERAL GOVERNMENT'S ECONOMIES

I have outlined what I deem to be some of our more pressing requirements in the near future. I have now to consider in what way my proposals will affect the balance sheet of the current year. For this purpose I shall leave out of account for the moment the expenditure upon motor roads, since, it will, as I have indicated, be covered by and limited to the produce of certain special sources of revenue. Liabilities in respect of schemes of insurance against unemployment and other contingencies affecting the working classes will not mature within the current year, but for labour exchanges £100,000 will be required, mainly for the provision of buildings. Under the head of development £200,000 will, as I have explained, be set aside for the first year's grant to the proposed fund. These two items together give a total of £300,000, to which must be added a sum of £50,000 for a purpose which will shortly become apparent, making a total addition of £350,000 to the

estimated expenditure. If this is added to the estimated deficit of £15,762,000 on the basis of present taxation, and of the Estimates already presented to Parliament, the amount which must be found, either by further taxation or other means, is increased to £16,112,000, or (allowing a margin for contingencies) to, say, 16½ millions.

**In Three Years Taxes amounting to 7½
Millions a Year Taken Off, and One
Million a Year Saved in Interest**

It is important that the Committee should recollect that during the first three years of the present administration taxes amounting in the aggregate to something over 7½ millions a year were taken off. In addition to that, provision has been made for a net reduction of Dead-Weight Debt to the extent of no less than 47½ millions, and of our aggregate capital liabilities to the extent of 42½ millions. This means a saving to the country in respect of interest of over a million pounds a year, which, if it had been directed to relieving the taxpayers' burdens instead of to increasing the Sinking Fund, would have enabled the total remission of taxation to have been raised to 8½ millions—a sum practically equivalent to the annual cost of the Old Age Pensions measure of the Government.

Three Millions Off the Fixed Debt Charge

Another satisfactory element in our Capital Account is to be found in the fact that under the head of "Other Capital Liabilities" the repayments will, in the present financial year, for the first time since the introduction of the system of naval and military works loans, exceed the new borrowings. The estimated borrowings on capital account for 1908-9 were £2,785,000.

The actual borrowings were £2,636,000, of which £1,300,000 was for telephone purposes, £859,000 for naval works, and £270,000 for military works, while the amount applicable in the year to repayment of principal was £2,279,000. The estimated borrowings for the current year are only £1,795,000, of which £1,300,000 will be required for telephone works, while the amount applicable to repayment of principal is estimated at £2,497,000. The borrowings under the Naval and Military Works Acts are now limited to works actually in progress, and have practically come to an end. The proposal I now have to make was foreshadowed and justified by the Prime Minister when he opened the Budget last year, and I need now scarcely say more than that the amount by which I propose that the Fixed Debt Charge should be reduced is three million pounds.

Dead-Weight Debt Reduced by 15½ Millions

The Dead-Weight Debt on the 1st of April last was £702,688,000, a decrease of £8,788,000 as compared with the amount on the 1st of April, 1908. The reduction would have been considerably larger but for the fact that I did not deem it advisable, having regard to the state of the market towards the close of the year, to lay out the whole of the moneys available for debt reduction. The unexpended balance of Sinking Fund moneys in the hands of the National Debt Commissioners at the end of 1908-9 was no less than £7,667,000, as compared with £1,132,000 a year ago. This additional £6,500,000, or £5,750,000, if we assume that the realised deficit is met out of these moneys, represents a debt-redeeming capacity in terms of

Consols at current prices amounting to £6,750,000. If we add this amount to the previous figure of £8,788,000 we arrive at the real reduction of Dead-Weight Debt which is properly attributable to the finance of last year—£15,538,000. When this is brought to account the Dead-Weight Debt will stand at approximately £696,000,000, or somewhat less than its amount twenty years ago (£697,043,000), when the late Lord Goschen reduced the Debt Charge to 25 millions a year.

Fixed Debt Charge Reduced from 28 to 25 Millions, leaving 13½ Millions to be Found by New Taxation

There is, however, an important difference between a Fixed Debt Charge of 25 millions in 1889-90 and a Fixed Debt Charge of the same amount now. The rate of interest on Consols 20 years ago was in process of reduction from 3 to $2\frac{3}{4}$ per cent., now it is $2\frac{1}{2}$ per cent. While, therefore, in 1889-90 20 millions in round figures of the total provision was applied to the payment of interest and management expenses, leaving little more than 5 millions, or about three-fourths of 1 per cent. of the amount of the debt available for repayment of principal, interest and management will in the current year absorb only about 18 millions, leaving nearly 7 millions (or more than 1 per cent.) for Sinking Fund purposes. This figure is £300,000 more than the average annual provision made for the repayment of principal in the ten years immediately preceding the South African War, and only three-quarters of a million less than the amount estimated to be available in 1899-1900, before the adoption of Lord St. Aldwyn's proposal to reduce the Fixed Debt Charge from 25 millions to 23 millions, and whereas in 1899-1900,

and the years immediately preceding and following it, we incurred a net increase of our other liabilities in respect of naval, military, and other works by an average of more than £3,500,000 per annum, there will this year be a net surplus of moneys applicable to repayment of principal over new borrowings of about £700,000. In view of these facts, and more particularly as we are spending so much out of current revenue upon Naval construction, which less provident finance might have found an excuse for charging upon a future generation, I think the time has come when, without any failure in our duty to posterity, we can reduce the Fixed Debt Charge from 28 to 25 million pounds. The adoption of this proposal will mean a reduction of the amount to be found by new taxation from 16½ to 13½ millions.

The Importance of Searching for Economies in the Services

How am I to obtain the necessary money for the settlement of this very heavy account? I dismiss borrowings. One way, of course, to balance the account would be to effect a saving of expenditure, and the other is by raising taxes. I should like to say one word on the first before I come to the second question. The path of the economist is hard. His is not a very attractive or popular rôle in any Government. One might infer that the first object of a Finance Minister who has to face a heavy deficit would be to inquire as to possible economies, with a view, if not of obviating new imposts altogether, at all events of lightening them as far as possible. Last summer, when there was a suspicion that I might possibly do my best to seek out economies and make

a beginning in that respect, what was the result? I saw paragraphs in responsible Opposition journals accusing me of impertinence in instituting a search into possible economies in some of our most expensive services. What happened?

The Suggestion of Inquiry met with Abuse and Insults

Merely because I proposed to inquire, merely because I sought investigation, myself and my colleagues were subjected to such persistent abuse, insults, and scurrility as few Ministers have ever been subjected to. I am still of opinion that it is worth this country's while to inquire thoroughly into its affairs, but I am equally clear that until public opinion is educated up to the point of assenting to the institution of that inquiry, and therefore giving the necessary support, no substantial results will be achieved in that way. Therefore I fall back upon the other resource of raising taxes and of so meeting and liquidating the demand.

THE NEW TAXATION Its Expansive Character

Now what are the principles upon which I intend to proceed in getting those taxes? The first principle on which I base my financial proposals is this—that the taxation which I suggest, while yielding in the present year not more than sufficient to meet this year's requirements, should be of such a character that it will produce enough revenue in the second year to cover the whole of our estimated liabilities for that year; and, moreover, that it will be of such an expansive character as to grow with the growing demand of the social programme which I have sketched without involving the neces-

sity for imposing fresh taxation in addition to what I am asking Parliament to sanction at the present time.

Its Non-injurious Character

The second principle on which I base my proposals is that the taxes should be of such a character as not to inflict any injury on that trade or commerce which constitutes the sources of our wealth.

Its All-embracing Character

My third principle is this, that all classes of the community in this financial emergency ought to be called upon to contribute. I have never been able to accept the theory which I have seen advanced that you ought to draw a hard-and-fast line at definite incomes and say that no person under a certain figure should be expected to contribute a penny towards the burden of the good government of the country. In my judgment all should be called upon to bear their share. No voluntary associations, religious, philanthropic or provident, have ever been run on the principle of exempting any section of their membership from subscription. They all contribute, even to the widow's mite. It is considered not merely the duty, but the privilege and pride of all to share in the common burden, and the sacrifice is as widely distributed as is the responsibility and the profit.

The Industrial Classes already Pay More in Proportion than the Wealthy Classes

At the same time, when you come to consider whether the bulk of the taxation is to be raised by direct or indirect means, I must point out at this stage—I shall have a little more to say on this subject later on—that the indus-

trial classes, in my judgment, upon a close examination of their contributions to local and Imperial finance, are paying more in proportion to their incomes than those who are better off. Their proportion to local finances especially is heavier, because, although nominally the rates are not paid by them, as everyone knows, they are really. For that reason the burden at the present moment of new taxation bears much more heavily in proportion to their income on that class than it does upon the wealthier and better-to-do classes.

Motor-Cars

I now come to the most interesting and the most difficult part of my task, the explanation of the various proposals for fresh taxation which I have to lay before them. I think it will be to the convenience of the Committee if I deal first with motor-cars, and so dispose at once of a source of revenue from which, as I have explained, I, as Chancellor of the Exchequer, shall derive no advantage. In Great Britain, private cars, as distinct from hackney carriages (*i.e.*, taxicabs and motor omnibuses) at present pay £2s 2s. carriage tax if under one ton in weight, with an additional £2 2s. if between one and two tons in weight, and an additional £3 3s. if between two and three tons, while motor cycles pay 15s. In Ireland there is at present no tax on motor-cars. I propose to remove that Irish grievance. These duties brought in for the year 1908-9 the sum of £150,569.

Taxation according to Horse-power— Doctors' Cars Half Rates, Motor Cycles £1

I propose to substitute for this a new and increased scale, with graduations, which will come into force next

January for the whole of the United Kingdom, and I have decided to base the scale on the power of the cars and not on the weight. The horse-power will be determined in accordance with regulations made by the Treasury, and in the case of petrol cars with reference to the bore of the cylinders. It will no doubt be somewhat more difficult to ascertain the power than it is to ascertain the weight, but I believe that the plan I am adopting will be on the whole the fairest method of distributing the tax.

The scale I propose will be as follows:—

Under 6½ horse-power, tax	£2	2s.
„ 12 „ „	£3	3s.
„ 16 „ „	£4	4s.
„ 26 „ „	£6	6s.
„ 33 „ „	£8	8s.
„ 40 „ „	£10	10s.
„ 60 „ „	£21	0s.
Above 60 „ „	£42	0s.

It will be seen that the tax rises rapidly when we get to cars over 40 horse-power—a provision with which I think the Committee will not quarrel.

Doctors' cars I propose to charge at one-half these rates.

Motor cycles I would charge at the uniform rate of £1.

No additional duties will be placed on hackney carriages, and the existing exemptions to trade vehicles will be continued. The new duties on private cars and motor cycles I estimate to yield, in the aggregate, this year £410,000, or an increase of £260,000 over last year's figures; but such an estimate must be to a large extent guess-work, for, though I am able to say with fair certainty that the number of private cars is about 55,000 and of motor cycles 40,000, the number of the former in each category of power is of

course entirely a matter of conjecture. I need hardly say that, in accordance with the Prime Minister's undertaking in his Budget Speech in 1907, arrangements will be made so that the local authorities will continue to obtain a sum equivalent to the old duties.

Duty on Petrol

I now come to a second proposal that I have to make in this connection. I have already explained to the Committee that one of the chief reasons for imposing additional taxation on motor-cars is the fact that the increase in their numbers necessitates a reorganisation of our main-road system, and it will be obvious that, were I to confine taxation to a mere re-adjustment of the scale of licence duties, the burden would be imposed with absolutely no relation to the extent that the car might use the roads. Some cars are out four or five hours a day all the year round, others are used but rarely, and I believe that, were I to obtain anything like adequate contribution from motor-cars entirely by direct taxation, I might hinder to some extent the development of the motor industry by discouraging persons from keeping a motor, or an additional motor, should they only want it for occasional use.

Half the Duty for Commercial Vehicles

I, therefore, propose to put a tax of 3d. per gallon on all petrol used for motor vehicles. This small tax is very small compared with what hon. Gentlemen would have to pay if they were motoring in France, where they would be compelled to pay 1s. 8d. It varies very much, but in the principal towns you also pay an octroi duty. This small tax will fall on motorists in proportion both to the distance travelled and also to the power of the car, for

the Committee knows that a high-power car will consume considerably more petrol per mile run. In order to meet the case of commercial vehicles and vehicles such as motor cabs and omnibuses, which will not perhaps profit to so great an extent by the improvement in our roads, I propose to give a rebate of half the duty on the quantity consumed in their propulsion. There will, of course, be a rebate of the whole duty on petrol used for all purposes other than propelling motor-cars—though the amount used for such other purposes is comparatively small.

Yield of these Taxes to go to Road Improvement Scheme

I estimate the yield of this tax to be about £340,000 for the 11 months of the current financial year, and to be about £375,000 for a full year. The total sum, therefore, available for that part of my development scheme which bears on road improvement from these two sources (after allowing for the payment to the local authorities of a sum equivalent to the old licence duties) will be some £600,000—a figure which should rapidly increase in succeeding years. I propose that the proceeds of these duties should be issued from the Exchequer to a separate account under statutory arrangements similar to those applicable to the estate duties grant and the local taxation grant.

Direct Taxation—Income Tax

Now I come to my direct taxation. It must be obvious that in meeting a large deficit of this kind I should be unwise to trust to speculative or fancy taxes. I therefore propose, first of all, to raise more money out of the income tax and estate duties. Income tax in this country only begins when

the margin of necessity has been crossed and the domain of comfort and even of gentility has been reached. A man who enjoys an income of over £3 a week need not stint himself or his family of reasonable food or of clothes and shelter. There may be an exception in the case of a man with a family, whose gentility is part of his stock in trade or the uniform of his craft. Then, I agree, things often go hard.

Estate Duties

When you come to estate duties, what a man bequeaths, after all, represents what is left after he has provided for all his own wants in life. Beyond a certain figure it also represents all that is essential to keep his family in the necessities of life. The figure which the experience of 70 years has sanctified as being that which divides sufficiency from gentility is £150 to £160 a year. A capital sum that would, if invested in safe securities, provide anything over that sum ought to be placed in a different category from any sum which is below that figure.

The Security Secured by the State Enables Men to Amass Wealth

There is one observation which is common to income tax and the death duties, more especially with the higher scales. What is it that has enabled the fortunate possessors of these incomes and these fortunes to amass the wealth they enjoy or bequeath? The security ensured for property by the agency of the State, the guaranteed immunity from the risks and destruction of war, ensured by our natural advantages and our defensive forces. This is an essential element even now in the credit of the country; and, in the past, it means that we were

accumulating great wealth in this land, when the industrial enterprises of less fortunately situated countries were not merely at a standstill, but their resources were being ravaged and destroyed by the havoc of war.

Education and Improved Conditions of the People account for Growth of Wealth

What, further, is accountable for this growth of wealth? The spread of intelligence amongst the masses of the people, the improvements in sanitation and in the general condition of the people. These have all contributed towards the efficiency of the people, even as wealth-producing machines. Take, for instance, such legislation as the Education Acts and the Public Health Acts: they have cost much money, but they have made infinitely more. That is true of all legislation which improves the conditions of life for the people. An educated, well-fed, well-clothed, well-housed people invariably leads to the growth of a numerous well-to-do class. If property were to grudge a substantial contribution towards proposals which ensure the security which is one of the essential conditions of its existence, or towards keeping from poverty and privation the old people whose lives of industry and toil have either created that wealth or made it productive, then property would be not only shabby, but short-sighted.

Our Reserve of Taxable Capacity

Now what do I propose? When it is remembered that the total yield of income tax on its present basis amounts to little more than five years' normal growth of the aggregate income upon which income tax is payable (which increased from £607,500,000 in

1901-2 to £640,000,000 in 1906-7), it will be seen that our present reserve of taxable capacity is as great at the present moment with the existing rate of the tax as it would have been five years ago if there had been no tax at all. If the tax were doubled in the present year income tax payers would, in the aggregate, after payment of the double rate, be in the enjoyment of almost exactly the same net income as five years ago. A careful consideration of these figures ought to convince the most sceptical that the maximum rate of the tax may be retained at 1s., or even increased, without seriously encroaching upon our available reserves for national emergencies. The time, however, has gone by when a simple addition of pence to the poundage of the tax, attractive as the simplicity of that expedient is, can be regarded as a satisfactory solution of a financial difficulty.

The Principles of Graduation and Differentiation to be Extended

As the Prime Minister so well pointed out two years ago, inequalities which might be tolerated in a tax designed for the purpose of meeting a temporary emergency are intolerable in a permanent part of our fiscal machinery. The income tax, imposed originally as a temporary expedient, is now in reality the centre and sheet anchor of our financial system. The principles of graduation and differentiation, the apportionment of the burden as between different classes of taxpayers, according, on the one hand, to the extent, and, on the other hand, to the nature of their resources, are in the lower stages of the income tax scale already recognised by abatements and allowances. It remains to complete the system by extending the

application of these principles, and in regard to differentiation by taking account to some extent, at any rate, not only of the source from which income is derived, but also of the liabilities which the taxpayer has contracted in the discharge of his duties as a citizen, and of the other burdens of taxation borne by him by virtue of those responsibilities.

Notwithstanding the relief given by the Finance Act of 1907, the burden of the income tax upon earnings is still disproportionately heavy. While, therefore, I propose to raise the general rate at which the tax is calculated, I propose that the rates upon earned income in the case of persons whose total income does not exceed £3,000 should remain as at present, namely, 9d. in the pound up to £2,000, and 1s. in the pound between £2,000 and £3,000. In respect of all other incomes now liable to the 1s. rate I propose to raise the rate from 1s. to 1s. 2d.

Relief for the Family Man

In the case of incomes not exceeding £500, the pressure of the tax, notwithstanding the abatements at present allowed, is sorely felt by taxpayers who have growing families to support, and although a comparatively trifling additional burden will be imposed upon them by the increased rate, since the aggregate income of this class is to the extent of at least four-fifths exclusively earned income, I think that even upon the present basis they have a strong claim to further relief. Even from the purely fiscal point of view there is this essential difference between the position of a man with a family and that of the taxpayer who has no such responsibilities. The family man is, generally speaking, a much heavier

contributor to that portion of the revenue which is derived from indirect taxation and inhabited house duty, so that in comparison with the bachelor he is taxed not so much in proportion to his income as in proportion to his outgoings.

"Keeping up Appearances"

There is no class of the community which has a much harder struggle or a more anxious time than that composed of the men whose earnings just bring them within the clutches of the income tax collector. On a small income they have not merely to maintain themselves, but to exhaust a large proportion of their limited resources in that most worrying and wasteful of all endeavours known as "keeping up appearances." They are often much worse off and much more to be pitied than the artisan who earns half their wages. If they have only themselves to think about they do well, but when they have a family dependent upon them the obligation to keep up the appearance of respectability of all their dependents is very trying. I am strongly of opinion that they deserve special consideration in the rearrangement of our finances.

Abatement of £10 for every Child under Sixteen

Continental countries recognise their claim, and I propose that for all incomes under £500, in addition to the existing abatements, there shall be allowed from the income in respect of which the tax is paid a special abatement of £10 for every child under the age of 16 years. Take the case of the widow with a family, which is always cited in reference to proposals to tax income or property: she will in most cases be better off with this

abatement, should her family be of average numbers, even though she is rated at 1s. 2d., than she was before. The new abatement will, like the existing abatements, be allowed irrespective of the source from which the income is derived, and earned incomes, upon which no new burden is to be imposed, as well as unearned incomes, will enjoy the advantage of the concession. The addition of 2d. to the rate upon all incomes in excess of £2,000, and upon unearned income enjoyed by persons whose total income does not exceed that amount, would yield in a full year £4,700,000, and in the year of imposition £3,760,000. But from this source I must deduct £160,000 in respect of the retention of the 1s. rate upon earned income enjoyed by persons whose total income is between £2,000 and £3,000, and £600,000 for the costs of the new abatements. This reduces the estimated net receipts from the additional 2d. in 1909-10 to £3,000,000.

The Difficulties of a Complete Scheme of Graduation

The rate of income tax under the present law is absolutely uniform upon all incomes in excess of £2,000 a year; between that rate and £700 the allowance in respect of earned income operates to relieve the less wealthy taxpayer, and thus to introduce the principle of graduation. Below £700 the system of abatements produces a regular graduation by descending stages. The introduction of a complete scheme of graduation, applicable to all incomes, besides raising questions of general principle, which it is not necessary now to discuss, would require an entire reconstruction of the administrative machinery of the tax, including in all probability the aban-

donment to a very large extent of the principle of collection at the source, upon which the productivity of the tax so largely depends. It would create for the administrative Department a series of problems which, if not insoluble, could at any rate scarcely hope to obtain a satisfactory solution in a year when other taxation of a novel character must necessarily claim a large part of its attentions.

A Super-Tax on Large Incomes

The imposition of a super-tax, however, upon large incomes on the lines suggested by the Select Committee of 1906 is a more practicable proposition, and it is upon this basis that I intend to proceed. Such a super-tax might take the form of an additional poundage charged at an uniform rate upon the whole income of persons whose total income exceeds the maximum above which the tax is to be applied, or the poundage might be varied according to the amount of the income to be taxed. A third, and I think preferable, alternative is to adopt a uniform poundage, but to charge the tax not upon the total income, but upon the amount only by which the income exceeded a certain fixed amount, which would naturally, but need not necessarily, be the amount of the minimum income which attracts the tax. We might begin, say, at £3,000, and levy the new tax upon all income in excess of £3,000, or at £5,000, and levy the tax upon income in excess of £5,000. In the former case some 25,000 assessments would be required, in the latter only 10,000—from the point of view of administration a very strong argument in favour of the adoption of the higher figure, at any rate, in the first instance. On the other hand, a general abatement of £5,000 per taxpayer would be

extremely costly, and though it would have the effect of largely reducing the actual as compared with the nominal rate of the tax, except in the case of very large incomes indeed, the nominal rate necessary to produce an adequate revenue—though in reality no measure of the general burden—would tend to appear somewhat alarming.

Incomes Exceeding £5,000 to be Super-taxed

While therefore I propose to limit the tax to incomes exceeding £5,000, I propose to levy it upon the amount by which such incomes exceed £3,000, and at the rate of 6d. in the £ upon the amount of such excess. An income of £5,001 will thus pay in super-tax 6d. in the £ on £2,001, the equivalent of an addition to the existing income tax of rather less than $2\frac{1}{2}$ d. in the £, and an income of £6,000 the equivalent of an additional 3d. The equivalent of an extra 4d. (or a total income tax of 1s. 6d. in the £) will only be reached when the total income amounts to £9,000 and of 5d. not until the total income reaches £18,000. Assessments to the new tax will be based upon the returns of total income from all sources, which will be required from persons assessable. The machinery will be, in the main, independent of the machinery of the existing income tax, but the assessments will be made by the Special Commissioners appointed under the Income Tax Acts, and assessable income will be determined according to the rules laid down in the income tax schedules. Total income for the purposes of the tax will be ascertained in the manner prescribed by Statute for determining total income for the purposes of the present income tax exemptions and abatements, that is to say, deductions

will be allowed for interest upon loans and mortgages and any other payments made under legal obligation, while in the case of real property assessed to property tax under Schedule A, a special 5 per cent. allowance will be made for cost of management, as well as the allowances of one-sixth and one-eighth for repairs at present made in collection of the property tax under that schedule.

Ten Thousand Persons whose Income Exceeds £5,000

Sir Henry Primrose, in his evidence before the Select Committee in 1906, estimated the number of persons in receipt of incomes over £5,000 a year to be 10,000, and their aggregate income to be £121,000,000. From this it will be seen that the amount of income liable to a super-tax would be £90,000,000.

Estimated Yield of Super-tax

The yield of the super-tax in a full year is estimated at £2,300,000, but as new machinery has to be set up and as returns have to be obtained from taxpayers, examined, and assessments made upon them, I should be sanguine if I anticipated that more than a small proportion of the first year's income will reach the Exchequer before 31st March next. In these circumstances I have not felt justified in including more than £500,000 in my Estimate for the current year.

Restriction of Abatements

My last proposal relating to the income tax is the restriction of the exemptions and abatements to persons resident in the United Kingdom. The income of a person resident abroad only comes within the scope of the income tax in so far as it is derived from

sources, within the United Kingdom. Whatever may be his total actual income, his total income from all sources within the meaning of the Income Tax Acts comprises only such receipts as accrue to him from sources in this country. A foreign millionaire, who draws anything between £160 and £400 from English investments, can obtain £8 from the Commissioners of Inland Revenue. If his dividends exceed £400 but do not exceed £700 he can recover a sum which varies from £7 10s. to £3 10s. in accordance with the abatement scale. If they are £701 or upwards he can recover nothing. There is reason to suppose that by far the greater part of the money paid to persons outside the United Kingdom in respect of these abatements goes to people who, if they were resident here, would not be entitled to it. The claims are, besides, from an administrative point of view, very difficult to deal with, and the difficulty will be greatly increased if my proposal to grant special abatements to the fathers and mothers of families is adopted.

Claims for Repayment of Income Tax

The claims themselves are received in the main through income tax repayment agencies, which absorb in commission a large percentage—often, I believe, as much as 50 per cent.—of the amount recovered. In these circumstances I am satisfied that the abolition of this concession, which was recommended by Lord Ritchie's Committee of 1904, will give rise to no appreciable hardship. The consequent saving to the revenue will be something like £250,000, to which must be added a considerable saving in respect of the salaries of the staff at present employed in the troublesome

business of dealing with the claims. As, however, the repayments take place in a year subsequent to that in which the tax is collected, and I do not propose to make the alteration retrospective, no part of the saving will accrue to the revenue of the present year.

Death Duties

The proposals I have to make with regard to the death duties are of a very simple character. The great reconstruction of these duties in 1894, which will always be associated with the name of Sir William Harcourt, has given us a scheme of taxation which is at once logical and self-consistent as a system, and a revenue-producing machine of very high efficiency. Apart, therefore, from one or two minor changes in the law, which experience has shown to be desirable, I intend to confine my attention to adjusting the rates with a view to increasing the yield without altering the basis on which the duties are levied.

Graduation of Estate Duties to be Steepened

The estate duties upon small estates of which the net principal value does not exceed £5,000 will remain at one, two or three per cent., according to value, as at present; but between £5,000 and £1,000,000 I propose to shorten the steps and steepen the graduation. I do not propose to increase the maximum of 15 per cent., but I propose it should be reached at £1,000,000 instead of £3,000,000. An estate of £10,000 belongs to a different category, and represents a greater taxable capacity, than an estate of £1,001, yet both alike pay 3 per cent.; and the same is true of an estate of £25,000 as compared with one of £10,001, both of which now

pay four per cent. Under the new scale, estates from £5,000 to £10,000 will pay four per cent., and those from £10,000 to £20,000 five per cent. The next step will be £20,000 to £40,000, and the rate six per cent.; the next £40,000 to £70,000, with seven per cent.; while estates of £70,000 to £100,000 will pay eight per cent.; from £100,000 to £150,000, the rate will be 9 per cent.; from £150,000 to £200,000 it will become 10; the rate from £200,000 to £400,000 will be 11 per cent.; from £400,000 to £600,000, 12; from £600,000 to £800,000, 13; from £800,000 to £1,000,000, 14; and above £1,000,000, 15 per cent. upon the whole of the estate. The new rates, if chargeable, as I propose they should be, in respect of all estates passing upon deaths occurring on or after to-morrow, are estimated to yield an additional revenue of £2,550,000 in 1909-10, increasing to £4,200,000 in the following year, and ultimately to £4,400,000.

Settlement Estate Duty

As a consequence of these increases, added to the increases made in the higher steps of the estate duty scale two years ago, it becomes necessary to deal with the settlement estate duty, which has remained unaltered since its original imposition in 1894. Non-settled property is chargeable with estate duty according to scale every time the interest in the property passes on death upon the full corpus of the property. Settled property, on the other hand, if settled by will, is so chargeable only upon the death of the testator, or, if settled otherwise than by will, only upon the death of the first tenant for life, and, unless a subsequent life tenant is competent to dis-

pose, escapes any further payment of estate duty until the expiry of the settlement, however many life tenants may intervene. For example, a non-settled estate left to a son, by him to a brother, and by the brother to his son would pay estate duty three times, whereas, if it took the same course under a settlement made by the will of the original testator, it would pay once only—at the original testator's death. By way of set-off to this preferential treatment of the settled estate it was provided by the Finance Act of 1894 that an additional rate of 1 per cent., called settlement estate duty, should be paid in addition to the estate duty, at the rate appropriate to the estate, on the first occasion of its passing at death under the settlement. The duty must therefore be regarded as a sort of composition for future payments of estate duty to which the property would become subject in the absence of a settlement. Sir William Harcourt's intention, as expressed in the Budget speech of 1894, was to secure by means of this duty absolute equality of treatment as between settled and non-settled property. "In this manner," he said, "we levy the same amount from the estate as if it were left absolutely, but each beneficiary will contribute according to the extent of his interest by the reduction of his income resulting from the original diminution of the capital."

Composition for Future Payment

The proposition that an immediate payment at the rate of 1 per cent. is an adequate composition for a future payment, or possibly several future payments, according to the character of the disposition and the course of events, at rates varying from 1 to 8 per cent. (the then limits of the Estate

Duty scale) is at first sight somewhat startling. On the other hand, when we remember that the expedient of settling a whole estate is often adopted as an alternative to dividing it in the first instance, that the average age at which a life tenant succeeds is probably much higher than that of the average beneficiary taking free property, and last, that the difference in value between the fee simple of the property and the life interest or life interests of the tenant or tenants for life passes, in theory at any rate, directly from the settlor to the remainderman, it is not unreasonable that a substantial abatement should be made from the present value (calculated on a strictly actuarial basis) of what would probably be the future liability in respect of estate duty, in the event of the whole estate being charged in full every time it passed upon death under the settlement. When, however, every allowance has been made for difference of circumstances, I think there can be no doubt, especially when regard is had to the fact that settlement estate duty is not chargeable where the only life interest is that of a spouse, that the 1 per cent. additional duty was not, even in 1894, when the average rate of estate duty was approximately 5 per cent., anything like the full equivalent for the immunity from further charge enjoyed by the property during the remainder of the settlement. The alterations in the estate duty scale made in 1907 and those which I now propose will together have the effect of raising the average rate of estate duty from about 5 to approximately 7 per cent., and the charge of only 1 per cent. settlement estate duty, which was not in fact a full equivalent for the privilege granted even on the basis of the 1894 rates, clearly cannot be defended in conjunc-

tion with the new scale. I propose, therefore, to increase the rate from 1 to 2 per cent. Although the effect of this alteration will ultimately be to double the yield of the present 1 per cent. duty (about £500,000) I can only reckon on £50,000 extra revenue from this source in 1909-10 and £375,000 in 1910-11, since these duties are in most cases not collected until some time after the death.

Correction of an Anomaly

I propose at the same time to correct a small anomaly, introduced, I believe, as an accidental effect of the legislation of 1894, which gives rise to a very considerable loss of revenue every year. Where property subject to a life interest does not fall into possession until after the death of the prospective beneficiary, only one estate duty is payable, namely, as in respect of settled property. But where it falls into possession in his lifetime, two estate duties are payable, namely, one on the transmission of the property to him, and one on the transmission of the property from him. It is, of course, a matter of indifference to the ultimate taker whether the decease of the life tenant is prior or subsequent to the decease of his own testator; yet, in the former case, it comes to him charged with two duties, and, in the latter, charged with one duty only. My proposal is that such property should be treated, as before 1894, in the same way in the latter as in the former contingency. The estimated advantage of this alteration to the revenue of the current financial year is £250,000, and £375,000 in 1910-11 and future years.

Legacy and Succession Duties

The rate of legacy and succession duties, where the beneficiary is a

brother or sister or a descendant of a brother or sister of the deceased, will be raised from 3 per cent. to 5 per cent.; while the other legacy and succession duties, which at present vary from 5 to 10 per cent., according to the degree or absence of relationship, will be charged at the uniform rate of 10 per cent.

Exemption in Case of Property not Exceeding £15,000

The present exemptions from the 1 per cent. legacy and succession duties now chargeable, where the beneficiary is a lineal ancestor or descendant of the deceased, will be abolished, and the duty extended to the case where a husband or wife takes the legacy or succession. In the cases of spouses and lineals, however, I propose to exempt from the new and reimposed duties all legacies and successions of whatever value in cases where the aggregated property passing on the death of the deceased does not exceed £15,000.

When not Exceeding £1,000

Exemption will also be allowed, whatever may be the principal value of the aggregated property, wherever the amount of the legacy or succession itself does not exceed £1,000, or, if the person taking the legacy or succession is the widow of the deceased or a child under the age of 21 years, wherever the amount of such legacy or succession does not exceed £2,000. The changes will, like the new estate duty scale, operate only in the case of persons dying on or after the 30th instant; but as these duties are not as a rule payable until the end of the executor's year, I cannot count on receiving any additional revenue until 1910-11. I estimate the amount which the alterations will produce next year

at £1,370,000, and that the yield will in course of time increase to £2,150,000.

Valuation for Purposes of Estate Duties

Apart from the question of rates, the method of valuation adopted for the purposes of the death duties has necessarily a very important influence on the revenue. Under the present law, agricultural property enjoys the somewhat peculiar privilege that, whatever may be its value in the market, its valuation for death duty purposes cannot exceed 25 years' purchase of the net rental after allowing for expenses of management. I propose to abolish this limitation, and to deal with the class of property to which it applies on the basis applicable to all other property passing upon death—namely, the actual price which would be paid by a willing buyer to a willing seller as on the date upon which the property becomes chargeable to duty.

Stocks and Shares

Further, the law as to the valuation of large blocks of stocks and shares is not sufficiently clear. It is sometimes contended that, if the whole property were placed on the market on the date of the deceased's death, a "slump" would take place in the value of the securities. Of course, no executor would be so imprudent as to take this course. There is no reason why it should be definitely laid down that stocks and shares are in all cases to be valued at the market price, without any reference to the size of the holding, and I propose to amend the law accordingly. From these two changes in the law relating to valuation, I hope ultimately to derive a considerable accession of revenue, but the effect of the changes will only be felt gradually,

and the advantage to be derived from the alteration in the current financial year is scarcely likely to be appreciable.

Dispositions Inter Vivos

I now come to the period within which gifts made during the lifetime of the deceased are reckoned as part of the estate for the purposes of estate duty. The loss to the revenue arising from voluntary dispositions *inter vivos*, made with the purpose of avoiding the death duties, cannot be precisely ascertained; but it is probably very considerable, and I fear that resort to this expedient may become still more common when the rate of duty is raised. I therefore propose to substitute five years for one year, as the period within which property so alienated shall remain liable to duty. I am not sanguine that this reform will do more than operate to check what at present is thought to constitute a considerable leakage of revenue; and I do not therefore feel justified in estimating any positive increase of revenue from the alteration.

Free Estates

My last proposal is to extend to free estates the concession made by section 20 of the Finance Act, 1896, which grants exemption from estate duty in respect of objects of national, scientific, or historic interest forming part of a settled estate. The estate duty in respect of such objects, whether forming part of a free or settled estate, will only become chargeable in future if and when they are actually sold. This concession will, I hope, result in keeping together many collections whose owners are, from various reasons, unable to take advantage of the privilege afforded by the present law, and so keep in the country many national

treasures which would otherwise, more especially in view of the prospective change in the United States customs tariff upon such objects, tend to find a home on the other side of the Atlantic.

Stamp Duties

Under the head of stamp duties I propose to increase the duty upon conveyances on sale from 10s. to 20s. per cent., an exemption from the increased rate being made in favour of conveyances of stock or marketable securities which, by reason of the greater frequency with which they change hands, in comparison with other kinds of property, bear a disproportionate burden under the present uniform scale. The greater part of the additional revenue under this head will be derived from transfers of real property. As such property will benefit largely from the decrease of the poor rate, which must necessarily follow as a result of the adoption of a State system of Old Age Pensions and other schemes of social reform, it is equitable that it should be called upon to contribute to the Exchequer expenditure for these purposes.

Rates of Transfer in Foreign Countries

Even after my proposed addition, the transfer duty upon such property will still be low as compared with the rates charged in other communities. In Germany, there are both State and municipal taxes which, in towns like Cologne and Frankfort, at any rate, together amount to not less than 3 per cent.; while, in France, the rates are still higher.

Conveyances or transfers operating as a voluntary disposition, *inter vivos*—an expedient largely resorted to as a method of avoiding the death duties—will in future attract, instead of the

present fixed duty of 10s., an *ad valorem* duty calculated on the worth of the property transferred, at the same rate as is applicable to a conveyance on sale of property of a similar description, and the same rates will apply to certain instruments chargeable at present with stamp duty as settlements. The rates upon marriage settlements will remain unaltered. As a corollary to the increase of the conveyance duties, duties upon leases will be doubled, except in the case where the 1d. rate is chargeable, which will remain as at present.

Bonds to Bearer

My next proposal relates to bonds to bearer and other securities transferable by delivery. The duty in these cases is the counterpart of the stamp duty upon the conveyance necessary to transfer securities transferable by deed; but, whereas the latter covers only a single transaction, the duty upon bearer securities covers all the transactions taking place during the life of the bond. It is therefore an anomaly that under the existing law this valuable privilege should be given at the cost of a single transfer. I, accordingly, propose to increase the duty upon such bonds (not being bonds issued by a Colonial Government, upon which the rate will remain as now at 2s. 6d. per cent.) from 10s. to 20s. per cent. of the nominal value, the duty upon bonds issued in lieu of existing bonds being concurrently raised from 2s. 6d. to 5s. per cent.

Stock Transfers

This completes the list of my proposals relating to stamp duties, with one important exception. The transfer duty upon stocks and shares is at the rate of 10s. per cent. *ad valorem*,

leviable upon the conveyance by which the transfer is effected. There are, however, many transactions in securities which, for one reason or another, are never followed by an actual conveyance. A block of shares may be sold and resold several times in the course of passing from one permanent holder to another, and the whole of these transactions may be covered by a single transfer from the first seller to the final purchaser. In such cases the intermediate transactions escape taxation altogether, except for the stamp duty chargeable upon the broker's contract note—1d. upon transactions between £5 and £100, and 1s. upon larger transactions irrespective of amount, and they may, I think, reasonably be required to make a moderate contribution to the Exchequer.

Transactions of a Speculative Character

Such transactions, being mainly of a speculative character, and worked upon narrow margins, will clearly not bear a rate of duty in any way comparable with that charged upon an actual conveyance. Such an impost would, in the first place, from the point of view of the revenue, defeat its object by rendering the greater portion of such transactions impossible, while, in the second place, it would, in my opinion, be opposed to the public interest as calculated to curtail that free circulation of securities which is a necessary condition of steady prices and an open market. For, although these transactions are in the main speculative, and do, at times, like all speculative transactions, degenerate into mere gambling, it is a mistake to suppose that this is their essential or pervading characteristic. In their proper place they form part of the legitimate machinery for discounting

fluctuations in value, necessary, not only to the Stock Exchange, but to every sphere of commercial activity, and the imposition of a penal tax designed to curtail the mischievous developments of the system could scarcely attain its object without inflicting irretrievable damage upon the marketability of securities as a whole.

Proposed Increases in Stamp Duty

The same objections do not, however, apply to a small *ad valorem* tax, which would operate to check business, if at all, only in the case of operations undertaken upon infinitesimal margins, in which, as a rule, the purely gambling element is most prominent, and which can be dispensed with without seriously endangering the stability of the market. I propose, therefore, that the rate between £5 and £100 should be 6d., instead of 1d.; from £100 to £500 1s. (as at present); from £500 to £1,000 2s., with a further 2s. for every additional £1,000. To prevent those rates affecting what are known as "carry-over" operations with undue severity, a single duty will be charged upon the two transactions involved therein, instead of, as now, the full duty upon each transaction.

"Option Notes"

"Option notes" will be charged at similar rates, calculated upon the value of the securities to which the option relates. When a substantive contract follows upon the option and involves the payment of stamp duty upon the contract note, there will be a return of the duty already paid in respect of the option contract. Brokers who are not members of the Stock Exchange, whether acting as agents or principals, will be required to issue similar notes

to their clients and such notes will be chargeable with the same duties.

"Bucket Shops"

The preferential treatment now enjoyed by the so-called "bucket shops"—institutions whose principal object is the encouragement of gambling—in the matter of stamp duties will thus be removed.

Estimate of Increased Revenue to be Derived from Stamp Duty

These additional stamp duties may be expected to yield about £1,450,000 in a full year—of which conveyances, deeds of gift, settlements and leases will account for £850,000, bonds to bearer and other marketable securities for £350,000, and contract notes for £250,000. They will not, however, come into force until the Finance Bill has received the Royal assent. The greater part of the first half-year's revenue will thus be lost, while, in the case of most of the duties, a considerable amount of "forestalment" has to be reckoned with, since transactions will no doubt be expedited wherever possible to secure the advantage of the lower rate of duty. I cannot, therefore, safely calculate upon receiving more than £650,000 in 1909-10.

THE LICENCE DUTIES

I now come to the question of licences. I think I may fairly say that further taxation of licences has been anticipated for some time. It has been generally felt that the State has not received a fair return for the valuable monopoly which it has granted to the trade. If a comparison is instituted with the amount charged for this privilege in a community like that of the United States, one cannot help feeling amazed that the trade has

been let off so lightly in this country. Land and licences have this in common, that where they have a value at all it is a monopoly value. No one would pay rent for a plot of land if he could secure an equally valuable piece of ground in the same neighbourhood for nothing; nor would anyone give the slightest consideration for an existing licence if a new licence could be got for the asking. The State for reasons of public utility limits the number of licences in a given neighbourhood, with the result that the holder of one of the licences is able to enjoy the exceptional rate of profit which the possession of the privilege permits him to earn. This point was very effectively put in the able circular issued by the brewers themselves during the passage of the Licensing Bill through this House. I shall quote the words they use, as argument could not have been more forcibly or more fairly put. These are the words which the brewers used in stating their case:—

"Now, with the exception of that portion of the trade which is done by delivery to private houses and clubs, and that which is done through off-licences, the only channel through which the consumption of excisable liquor can take place is through the licensed houses. Parliament has provided that it shall not be sold in any other way, and as a consequence the existing licensed houses, being in possession of a practical monopoly, have acquired a very high value."

That is the statement of the case of the brewers themselves.

Elements which have Added to Value of Licences

As to the extent of that value I shall be able to afford the Committee some statistical enlightenment in the course

of a few minutes, but I should like to premise that during recent years there have been two or three elements which have added very considerably to the value of this monopoly. The first is the growing disinclination of benches of magistrates to issue fresh licences and the steady effort made by benches of magistrates rather to reduce the numbers. The reduction which has been made under the Licensing Bill of 1904 has undoubtedly contributed to the increase in the value of licences. All this has endowed old licences with a special value, which did not attach to them in the days when new licences were more readily granted. The second element in the enhancement of value has undoubtedly been the tied-house system; and the third has been the conversion of what was an annual licence, determinable by the magistrates on evidence as to the necessities of the neighbourhood, into an interest—I will not call it a freehold—determinable only on misconduct.

Value of Monopoly Conferred by the State

By the Act of 1904 a valuable public right or property was parted with without any commensurate return being obtained. Is the market value of this privilege conferred by the State a sufficiently substantial one to justify a considerable increase in the very light licence duties which are now levied on these houses? Fortunately, we are not left to conjecture in appraising the money worth of this privilege. We have three important tests of its value. The first is that claimed by the trade itself. The trade has repeatedly assured the House of Commons through its well authenticated spokesmen that it assesses the value of the monopoly thus conferred upon it

by the State at the enormous sum of 150 millions. I am not sure that this does not apply to licences in England and Wales alone, and that Scotland and Ireland are left out of account in the computation. At 10 years' purchase this would mean the annual value of 15 millions conferred by a State monopoly. In return for this the public receive by way of licence duties upon public-houses, beer-houses, and hotels in the United Kingdom, an annual rent of £1,809,000. If all the freeholds of the kingdom were farmed out on these light and easy terms, what fortunes our farmers and farm labourers would divide between them. A farmer's profits are assessed for income-tax purposes at a third of his rent. One ready proof of the difference which the granting of this privilege of exclusive trading makes in the value of a business is to be found in the fact that an ordinary business is generally bought and sold at two or three years' purchase of the profits, whereas the value of a public-house licence is always appraised at from 10 to 12 years' purchase, the difference being attributable entirely to the greater certainty, both as regards turnover and rate of profit, which arises from the restriction upon competition afforded by the licensing system.

Low Value of Unlicensed Houses

Another test of value has been supplied by the working of the Act of 1904, where compensation is afforded to the owner of the licence when it is forcibly withdrawn by the action of the magistrates. These houses do not afford, perhaps, the best criterion of the real value of a prosperous public-house. Licences are generally withdrawn from the poorer type of public-house because the licensing magis-

trates have come to the conclusion that they are not required, and therefore, if the value of a house of that kind is high, what must be the price which would be put upon a house required by the neighbourhood, and, therefore, doing a good trade. However, let us take this, the least favourable illustration available, and here again I quote from the brewers' circular. It gives the cases of 126 houses of this kind spread over London, Essex, and Hertfordshire, and we are assured that these houses must be taken as a fair sample of the whole of the houses valued for compensation in that district. The result, according to this document, was that in these 126 cases the total value of the premises with a licence was £280,870; the value of the premises without the licence was £59,071, or, in other words, the value of the premises without the licence amounted only to 21 per cent. of the value of the same premises with a licence. So much for the value of a licence in a house which is not required by a neighbourhood, a thoroughly pernicious and poisonous influence as a rule, which ought not to be tolerated a single day after its superfluous character has become evident to the authorities.

High Value of Licensed Houses

Now let us take the case of the thriving house, or rather of the house whose trade proves that it is required by its neighbours. I have had before me a list of 141 licensed premises which have been acquired by the London County Council in connection with street and other improvements between March, 1889, and February, 1907. The total premium value attaching to the sites by reason of the licences has been estimated at £344,550, or an

average of £2,443 per site. The acquisition of such sites in connection with Kingsway and Aldwych has been estimated to have cost the Council in respect of the premium value attaching to the sites of the public-houses acquired, a sum of £132,000. In another instance, the premium value of a public-house site required for the improvement of the northern approach to the Tower Bridge is estimated at £20,000. I might multiply these instances, but I think I have furnished the Committee with sufficient evidence of the enormous value which this monopoly has created.

Inadequacy of Toll Exacted

Anyone who impartially investigates the figures may come to the conclusion that the rent or toll exacted by the public is ludicrously inadequate, and that in the interests of good management of public property that rent ought to be brought up to a figure which, without reaching anything like the proportions of a rack rent, will at any rate be commensurate with that which would be charged by a fair-minded and tolerant landlord, who, without doing himself a gross injustice, still at the same time wishes to afford his tenant not only a reasonable but even a generous margin within which to make a living out of his trade. And when a country requires revenue to provide for the defence of its shores and to supply the urgent social need of its people, that seems to be just the moment when, before imposing fresh taxes on its citizens, it ought to look round and see whether it has farmed its property to the best advantage.

Assessment of Licensed Premises

Now the legislature has long ago fixed what it considers to be a reason-

able toll in the case of the little village inn. For a house assessed under Schedule A at £9, a licence of £4 10s. is charged, that is, 50 per cent. of the nominal annual value. As I shall point out later on, this bears no relation to the real value; in the vast majority of cases the assessment is probably less than one-half of what it ought to be on the basis acknowledged by the trade itself, in all its business transactions, so that the real charge imposed upon the licensee of the village inn amounts to something like 25 per cent. of the value. The principle which has been considered good enough for the small village publican we think ought to be extended to the proprietors of the prosperous liquor palaces of our great towns, and our rates of duty will be based generally on that principle.

The Question of Valuation

Before I actually give the figures I should like to say a few words on the question of valuation. We realise that by keeping the present assessable value as the basis of computation for our licences there would be a good many anomalies and inequalities. Any man who looks at the list of compensated public-houses, and compares the amount of the compensation given in each case with the annual value, will realise how unequally the present principle of licensing bears upon public-house owners. Here is one house, with an annual value which could hardly exceed £40, receiving in compensation money £3,246. Here is another house, with an annual value of nearly £300, receiving in compensation money £731. We have therefore come to the conclusion that it is essential, in order to ensure fair treatment as between one publican and

another, that there should be a valuation based upon the principles on which publicans for the time being receive compensation, and therefore generally accepted by the trade as an equitable basis for appraising the value of their monopoly. This assessment, when it is complete, will be translated into terms of annual value, and the licence will be levied accordingly. The burdens of some publicans may be lightened, that of others may be increased, but on the whole justice will be done, as each man will be called upon to pay according to the value which he receives from the privilege which the State confers upon him.

Valuations to be Reconsidered if Necessary

It may well be, however, that it will have the effect of so considerably raising the whole level of the contribution required of the publican as to make it appear oppressive. In that case we undertake, when the valuation is complete, to reconsider the whole scale in the light of the more accurate and scientific figures which will have been secured by the operation of this new assessment. This new valuation will, however, take some months to complete, and meanwhile we propose to levy out duties upon the basis of the valuation upon which the present duties are chargeable.

Publicans' Licences

My new scale of duties for the full publican's licence begins, as I have already indicated, like the existing scale, at 50 per cent. of annual value; but, instead of following the existing scale—by gradually diminishing the percentage as the value increases until upon houses having an annual value of £700 the charge amounts to no

more than 8½ per cent., above which figure, thanks to the cessation of the scale at that point, the decrease in the rate of the charge in proportion to annual value proceeds with still greater velocity, until, in the case of the highest values, it becomes almost insignificant—we propose to charge a uniform 50 per cent. of annual value throughout, subject to a minimum.

Country Inns

The minimum rate in rural districts and in urban areas having a population of less than 2,000 will be £5, which, although only 10s. in excess of the present minimum charge, is, I think, a sufficient duty to exact from the small country inn, which satisfies the legitimate social needs of a scattered population, and whose volume of trade is in many cases not more than sufficient to provide the inn-keeper with a decent subsistence.

Small Drink Shops

The same considerations do not, however, apply to the poorer class of premises in the larger urban areas. A very large part of the mischief resulting from the liquor traffic is associated with the small, and often disreputable, house of this kind, which, in fact, ought never to have been licensed. Such houses are, indeed, in many cases, mere survivals from the period before 1872, since which date new licences have not, in fact, been granted, at any rate in England and Wales, to any premises in towns containing a population of not less than 100,000 inhabitants, of a lower annual value than £50; and in other towns, containing a population of not less than 10,000, of a lower annual value than £30. Such houses, where they do exist, have often a turnover quite out

of proportion to the character of the premises, and make large profits. We think, therefore, that no hardship will be created by the charge of a minimum duty of £10 in urban areas of between 2,000 and 5,000 inhabitants; £15 between 5,000 and 10,000; £20 between 10,000 and 50,000; £30 between 50,000 and 100,000; and £35 in London and other towns having a population in excess of 100,000.

Beer Retailers' Licences

So much for the full "on" licences. The next point in importance is the beer-retailers' "on" licence, commonly known as the "beer-house" licence. The same conditions as regards the enjoyment of a monopoly value attach to these licences as to the publicans' licences. The trade done in a beer-house is frequently as extensive and as profitable as the trade done in fully licensed premises, though, of course, as the privilege granted by the licence is a more restricted one, this is not invariably the case. The present fixed charge of £3 10s. for a beer-house licence, without regard to the value of the premises to which it is attached or to the profits which it enables the owner to earn, is, if judged by the standard of what would form a fair and reasonable consideration for so valuable a privilege, absurdly inadequate.

Graduation of Rates

I propose, therefore, to introduce for this class of licence, rates graduated on the same basis as that which is to be made applicable to full "on" licences, the rate being in each case two-thirds of the amount chargeable for a publican's licence in respect of similar premises—that is to say, one-third of the annual value of the

premises. The principle of a minimum rate according to the size of the place in which the house is situated will be applied to this as to the public-house licence. The scale will be: For rural districts having a population of under 2,000, £3 10s.; between 2,000 and 5,000, £6 10s.; between 5,000 and 10,000, £10; from 10,000 to 50,000, £13; 50,000 to 100,000, £20; and above 100,000, £23 10s.

Hotels and Restaurants

The distinction made by the existing law between hotels and ordinary public-houses works in a very unsatisfactory and arbitrary manner, both from the point of view of the revenue and from the point of view of hotel-keepers. The charge for the hotel licence, properly so-called, is, on the one hand, an extremely low one; but, on the other hand, it is so difficult for the average keeper of a *bonâ-fide* hotel to comply with the conditions laid down for the grant of this licence that the great majority of such hotel-keepers in fact find it necessary to take out the full publican's licence.

Concessions to Bonâ-fide Hotels

This latter licence, even at the rates at present charged, constitutes in the case of small hotels, at any rate, whose receipts from the sale of liquor are sometimes insignificant compared with the total business done, an undue burden, and it would clearly be inequitable to apply the new scale without qualification to this class of house. I therefore propose to make special concessions to *bonâ-fide* hotels, inns, and restaurants. I am anxious to draw a deep and clear line for purposes of taxation between the house which supplies all the best traditional objects of the inn and the mere drinking estab-

lishment which lives and thrives on "swilling" and "tippling." Under the new system, therefore, a distinction will be drawn between houses whose receipts from the sale of stimulants do not exceed one-third of their total receipts from all sources, and those in the case of which that proportion is exceeded. I have made careful inquiries, as a result of which I am satisfied that the proportion of one-third, at which I suggest the line should be drawn, will cover the case of practically all establishments whose business primarily consists in supplying food and lodging, facilities for recreation, or other services only incidentally connected with the consumption of alcohol.

Hotels and Restaurants which are mainly Drinking Houses

Hotels and restaurants which are mainly drinking places will thus be, as they ought to be, chargeable with the full publican's licence duty, but where the bulk of the business consists in the satisfaction of public requirements in directions other than the supply of stimulants, the rate of duty applicable to the publican's licence will be reduced in proportion as the receipts from the sale of intoxicating liquor diminish. It must, of course, be remembered in this connection that the possession of a licence gives an advantage not only as respects the sale of liquor, but also as respects the other business of a hotel, higher prices being obtainable both for food and lodging in licensed premises than in premises not enjoying a licence. This value, no less than the profit directly derived from the sale of liquor itself, is part of the monopoly value of the premises and ought to be taken into account in assessing the duty. I propose to recognise this prin-

ciple by making the reduction dependent on the proportion which the receipts from intoxicants bear, not to the whole, but to one-half of the total receipts from all classes of business. Thus, a house whose receipts from the sale of liquor amount to one-quarter of its total receipts will pay only one-half, and one whose liquor receipts amount to one-sixth only one-third of the full rate. The effect of this reform will be to tax hotels on a logical basis and to put large hotels for the first time into their proper place as contributors to the revenue. A provision is inserted in the Bill under which the increase in duty will not, in the case of tied houses, fall on the publican. Payments in respect of monopoly value of new licences under the Licensing Act of 1904 will, in future, be taken for the Exchequer, thus removing the temptation to local justices to grant such licences for the sake of the profit accruing to the local authority, which, in some parts of the country at any rate, has resulted in the grant of licences in excess of legitimate public requirements.

Clubs

The case of clubs remains to be dealt with. The sale of intoxicating liquor in a club is not legally "sale," but "supply," and this method of distribution is under the present law entirely untaxed. Clubs in which liquor is supplied, at present compete to a large extent directly with the ordinary public-house, and this competition of an alternative and untaxed method of distribution is not only unfair to the holders of publicans' licences, but likely, in the long run, seriously to encroach on the revenue derived from licence duties. In some cases, particularly where licences have been sup-

pressed under the Act of 1904, clubs have sprung up which are mere public-houses in disguise, some of them financed by the very persons who have received compensation for the trade supposed to be lost by the withdrawal of the licence, but really transferred, with the added privilege of exemption from licence duty, to the house in which the club has been established. A scheme of licence duties for clubs, however, based upon annual value, would be both inequitable and impracticable. The better class of club, from whatever social rank its members may be drawn, possesses, as a rule, much better premises than a club which is mainly a drinking club. A tax upon annual value would, therefore, in all probability, vary almost inversely with the amount of liquor consumed, and would penalise a club for increasing its accommodation for other than drinking purposes. I therefore propose that the duty should take the form of a poundage upon the amount of the receipts from the sale of liquor. Under this proposal clubs will not be licensed, that is to say, they will not be put in the same position as licensed premises; but an obligation will be imposed upon them to keep an account of the receipts from the sale of liquor, and a duty of threepence in the £ will be imposed on every £ of those receipts. The effect will be that clubs will not be taxed as clubs, but will simply be taxed as drinking clubs.

Revision of Excise Liquor Licences

These are, from the point of view of the Revenue, and of public interest, the most important of my proposals relating to licence duties; but I propose to take the opportunity of revising the whole system of Excise liquor licences—a system which is at present full of

confusion and anomalies, both in law and practice—and to place it upon a simple and intelligible basis. These licences are divided into three main classes: (1) manufacturers' licences, (2) wholesale dealers' licences, (3) retailers' licences. Speaking generally, no licence of the first two classes requires a justices' licence; but, with a few minor exceptions, all the licences of the third class require such a licence. The considerations to which I have referred relating to monopoly value are, therefore, applicable only to licences of the third class, but this does not, of course, mean that a further contribution to the revenue by way of taxation cannot properly be required from the holders of the other classes of licences.

Manufacturers' Licences

Under the head of manufacturers' licences I propose to substitute for the present fixed duties of £1 and £10 10s. for brewers for sale and distillers of spirits respectively, graduated scales of duty according to the amount produced. In the case of the brewer's licence, the present payment of £1 will cover a production of 100 barrels only, and 12s. additional will be charged for every 50 barrels or fraction of 50 barrels above that quantity. The distiller's licence will be £10 for any quantity not exceeding 50,000 proof gallons, with an additional £10 for every additional 25,000 or fraction of 25,000 proof gallons. For the other manufacturers' licence the duties will still be charged at fixed rates, but I propose to increase the licence for rectifiers of spirits from £10 10s. to £15 15s., and that for makers of sweets—a term which in this case does not, of course, mean confectionery, but British-made wines—from £1 to £5 5s. Makers of cider or perry will like-

wise pay a duty of £5 5s., except when they manufacture solely from fruit which they themselves produce, in which case the duty will not be chargeable.

Wholesale Dealers' Licences

The system of taxing wholesale dealers' licences will be the same as that at present in force, namely, a fixed duty, but the duty will be increased. There is, however, one important change, namely, that these wholesale dealers' licences will not in any case authorise retail sale, and the licences for wholesale dealing and retail sale are kept absolutely distinct. Subject to this qualification, the rates for wine (including sweets) and sweets will remain at £10 10s. and £5 5s. as at present. That for beer will be raised from £3 6s. 1d. to £10 10s., and spirits from £10 10s. to £15 15s. A licence to deal by wholesale in cider and perry will cost £5 5s.

Retailers' Off-Licences

The existing additional licences for retail trade, issued in connection with some of the wholesale dealers' licences, will be abolished, and wholesale dealers who desire to engage in retail trade will be required to take out the ordinary retailer's off-licence, subject, however, to a reduction of 25 per cent. in the scheduled rate for that licence. A separate retailer's off-licence will be introduced in the case of spirits, and the spirit retailer will accordingly be relieved from the necessity under which he at present labours, of taking out a wholesale licence which he does not require. The manufacturer's licence will cover the sale by wholesale of his own product, and dealers' licences will not require to be taken out by manufac-

turers unless they desire to engage in independent business as dealers.

Retailers' On-Licences

I now come to retailers' on-licences. With the public-house and beerhouse licences I have already dealt, as also with hotels, restaurants, and clubs, which come under the same category. Theatres will, as at present, pay the same rates as public-houses, but with a maximum of £50 instead of £20. In the case of wine, sweets, and cider, I propose to substitute for the present fixed duties (£3 10s. in the case of wine (including sweets), and £1 5s. in the other cases), a scale according to annual value in four sections, the steps being at £20, £50, and £100. The respective rates for wine will be £4 10s., £6, £9, and £12, and for sweets and cider one-half these rates.

Principle Adopted for Off Licences

Under retailers' off-licences the same principle will be adopted, the rates for spirits will be £14 for premises under £20 annual value, £20 between £20 and £50, £30 between £50 and £100, and £50 above £100. The scale for the off beer licence (including cider and perry) will be £3 10s., £5, £7, or £10, according to the value of the premises, and for wine (including sweets) the same, but off-licences for cider alone or sweets alone will cost only £2 irrespective of annual value.

Rates to be Applicable to Whole of United Kingdom

The new rates will be applicable to the whole of the United Kingdom, and the anomalies at present existing as between England, Ireland, and Scotland, as regards this class of licence,

will be removed. As regards Scotland, there are various minor points in which the adoption of an uniform system throughout the United Kingdom will make a certain amount of difference, but the point which will attract attention is the modification of the conditions under which the retailers' off-licence for spirits is granted.

Grocers' Licences

In Scotland, at present, the holder of a grocer's spirit licence can sell wholesale, and can also sell in open vessels and in small quantities, whereas the English grocer can only sell in quart bottles or larger quantities. A great deal of business at present done by the holders of grocers' spirit licences in Scotland is really publican's business, that is to say, they sell small quantities of spirit in little glass noggins which are drunk outside the house and the glass noggin is left on the pavement outside. There is no doubt that a business of this sort is an abuse of the retailer's off-licence, and constitutes an abuse which ought to be suppressed. The present combined beer and wine licences will be abolished, and persons desirous of selling both beer and wine will in future have to take out two separate licences.

Rates for Passenger Vessels and Trains

The rate for passenger vessels will be increased from £5 to £10, the daily rate being raised from £1 to £2, while railway restaurant cars, which do not at present pay any licence duty, will pay £1

Rates for Occasional Licences

The charge for occasional licences will be raised from 2s. 6d. to 10s. a day

for a full licence, and from 1s. to 5s. a day for beer or wine only.

Estimated Increase of Revenue from New Duties

I propose that the new rates should come into force on 30th September next, subject to the necessary adjustments with respect to unexpired existing licences, and I estimate that the effect of the changes will be to increase the revenue of the year from licence duties by £2,600,000 for the full year. As a matter of fact, I should rather anticipate a reduction than an increase in the second year. This will be probably a maximum year. As payment of these duties is made for the whole year in advance the full effect of the charge will be felt in the year in which it takes place. Against this, however, must be set the prejudicial effect upon the yield of the spirit duties which may be expected to be produced should an effort be made (and I am not sufficiently sanguine to think that it will not be made) to shift the new burden to the shoulders of the consumer by reducing the quantity or quality of the spirits supplied. On this aspect of the question I shall have more to say at a later stage.

THE LAND TAXES

Now I come to the question of land. The first conviction that is borne in upon the Chancellor of the Exchequer who examines land as a subject for taxation is this: that in order to do justice he must draw a broad distinction between land whose value is purely agricultural in its character and composition, and land which has a special value attached to it owing either to the fact of its covering marketable mineral deposits or because of its proximity to any concentration of people.

Distinction between Agricultural and Urban Land

Agricultural land has not, during the past 20 or 30 years, appreciated in value in this country. In some parts it has probably gone down. I know parts of the country where the value has gone up. But there has been an enormous increase in the value of urban land and of mineral property. And a still more important and relevant consideration in examining the respective merits of these two or three classes of claimants to taxation is this. The growth in the value, more especially of urban sites, is due to no expenditure of capital or thought on the part of the ground owner, but entirely owing to the energy and the enterprise of the community. Where it is not due to that cause, and where it is due to any expenditure by the urban owner himself, full credit ought to be given to him in taxation, and full credit will be given to him in taxation. I am dealing with cases which are due to the growth of the community, and not to anything done by the urban proprietor. It is undoubtedly one of the worst evils of our present system of land tenure that instead of reaping the benefit of the common endeavour of its citizens a community has always to pay a heavy penalty to its ground landlords for putting up the value of their land.

There are other differences between these classes of property which are worth mentioning in this connection, because they have a real bearing upon the problem. There is a remarkable contrast between the attitude adopted by a landowner towards his urban and mineral properties, and that which he generally assumes towards the tenants of his agricultural property. I will mention one or two of them. Any man who is acquainted with the

balance-sheets of a great country estate must know that the gross receipts do not represent anything like the real net income enjoyed by the landowner. On the contrary, a considerable proportion of those receipts are put back into the land in the shape of fructifying improvements and in maintaining and keeping in good repair structures erected by him which are essential to the proper conduct of the agricultural business upon which rents depend. Urban landlords recognise no obligation of that kind, nor do mineral royalty owners. They spend nothing in building, in improving, in repairing, or in upkeep of structures essential to the proper conduct of the business of the occupiers. The urban landowner, as a rule, recognises no such obligations. I again exclude the urban landowner who really does spend money on his property; that ought to be put to his credit. The rent in the case with which I am dealing is a net rent free from liabilities, or legal obligations. Still worse, the urban landowner is freed in practice from the ordinary social obligations which are acknowledged by every agricultural landowner towards those whose labour makes their wealth.

Urban Landlord and Mine-owner, Compared with Agricultural Owner

It is true in the rural districts that there are good landlords and there are bad landlords. But in this respect there are so many good landlords in the country to set up the standard that even the worst are compelled to follow at a greater or a less distance. But the worst rural landlord in this respect is better than the best urban landlord in so far as the recognition of what is due to the community who produce the

rent is concerned. I will point out what I mean. First of all the rural landowner has the obligation to provide buildings and keep them in repair. The urban landowner, as a rule, has neither of these two obligations. There is that essential difference between the two. The urban landlord and the mineral royalty owner are invariably rack-renters. They extort the highest and the heaviest ground rent or royalty they can obtain on the sternest commercial principles. They are never restrained by that sense of personal relationship with their tenants which exercises such a beneficent and moderating influence upon the very same landlord in his dealings with his agricultural tenants. And the distinction is not confined merely to the rent. Take the conditions of the tenancy. I am not here to defend many of the terms which are included in many an agricultural agreement for tenancy. I think many of them are oppressive, irritating, and stupid. But compared with the conditions imposed upon either a colliery owner or upon a town lessee they are the very climax of generosity. Take this case—and it is not by any means irrelevant to the proposals which I shall have to submit to the Committee later on. What agricultural landlord in this country would ever think of letting his farm for a term of years on condition, first of all, that the tenant should pay the most extortionate rent that he could possibly secure in the market; three, or four, or even five times the real value of the soil; that the tenant should then be compelled to build a house of a certain size and at a certain cost, and in a certain way, and that at the end of the term he, or rather his representatives, should hand that house over in good tenantable repair free from encum-

brances to the representatives of the ground owner who has not spent a penny upon constructing it, and who has received during the whole term of the lease the highest rent which he could possibly screw in respect of the site?

There is not an agricultural landlord in Great Britain who would ever dream of imposing such outrageous conditions upon his tenant. And yet these are the conditions which are imposed every day in respect of urban sites; imposed upon tradesmen who have no choice in the matter; imposed upon professional men and business men who have got to live somewhere within reasonable distance of their offices; imposed even on workmen building a house for themselves, paying for it by monthly instalments out of their wages for 30 years purely in order to be within reasonable distance of the factory or mine or workshop at which they are earning a living.

Case of Welsh Quarrymen

This is by no means an imaginary picture which I am drawing. If anyone thinks so I would invite him to examine for himself the evidence given before the Town Holdings Committee in 1888 and the subsequent Committee of the same character held later on—Committees appointed by the Unionist administration of that date. There was the case of the Festiniog quarrymen, who had to build on rocks which could not feed a goat, and upon swamps for which the landlord could not, and did not, receive more than, sometimes, 2s. an acre, and, at the outside, 7s. 6d. an acre. These were let to the quarrymen for building purposes at rents that amounted to £50 an acre. Leases were given for 60 years. All

the improvements were effected either by the quarrymen themselves or by the local authority to whom they paid their rates. To build or buy their houses, most of these quarrymen generally borrowed money from building societies. As long as they were in good health and in full employment they were able to pay their monthly instalments. When either health or work gave out they were very hard pressed indeed. But they never got any assistance or sympathy from the landlord. As they paid, the property, instead of increasing in value for them, became of less and less value as it passed year by year into the possession of the landlord. There were many illustrations of that kind given before these Committees, though not all 60 years. Some were 70, some ran up to 90, others were for lives and 21 years.

You cannot put cases of this kind at all in the same category as that of an agricultural landlord who builds farm-houses and farm buildings, and generally incurs most, if not all, of the capital expenditure in and around a farm, and who by no means, if he is a fair-minded landlord, ever thinks of extorting these monstrous rents out of the necessities of his tenants. I might give other cases where land in the neighbourhood of towns has appreciated in value owing to the growth of the population. I do not wish to multiply instances, because every hon. Member must have in his own mind illustrations, with the details of which he is cognisant, from his own experience and observation of what I am referring to.

A LONDON EXAMPLE

I might, perhaps, take another case, and I am not sure that you can find a

better or a fairer one than that which is provided by the working class suburbs of London. I am referring to the case of Woolwich. Considerable population has been attracted there largely owing to the expenditure of public money upon the Arsenal. If there is any increase in the value of land there, not a penny of that increment is attributable to anything done by the local landowners. Now I would commend Members of the House to a speech delivered by the late Conservative Member for Woolwich, who in his day was one of the most striking figures in this House. This is what he says about Woolwich:—

"In the parish of Plumstead land used to be let for agricultural purposes for £3 an acre. The income of an estate of 250 acres in 1845 was £750 per annum, and the capital value at 20 years' purchase was £15,000. The Arsenal came to Woolwich; with the Arsenal the necessity for 5,000 houses. And then came the harvest for the landlord. The land, the capital value of which had been £15,000, now brought an income of £14,250 per annum. The ground landlord has received £1,000,000 in ground rents already, and after 20 years hence the Woolwich estates, with all the houses upon them, will revert to the landowner's family, bringing another million, meaning altogether a swap of £15,000 for a sum of £2,000,000."

There are many cases of a similar character which will readily occur to the memory of every hon. Member who is at all acquainted with the subject. Take well-known properties in Lancashire and Cheshire in regard to which evidence was given.

It is Justifiable to Tax Urban Landowner

And yet, although the landlord, without any exertion of his own, is now in these cases in receipt of an income

which is ten or even a hundred-fold of what he was in the habit of receiving when these properties were purely agricultural in their character, and although he is in addition to that released from all the heavy financial obligations which are attached to the ownership of this land as agricultural property, he does not contribute a penny out of his income towards the local expenditure of the community which has thus made his wealth, in the words of John Stuart Mill, "whilst he was slumbering." Is it too much, is it unfair, is it inequitable, that Parliament should demand a special contribution from these fortunate owners towards the defence of the country and the social needs of the unfortunate in the community, whose efforts have so materially contributed to the opulence which they are enjoying?

Land Kept Out of Market

There is another aspect of this matter which I should like to say a word upon before I come to the actual proposals of the Government. I have dwelt upon the fundamental difference in the demeanour of landowners towards their urban tenants and that which under the inspiration of more high-minded and public-spirited principles marks their conduct towards their agricultural tenants. There is no doubt that the spirit of greed is unconsciously much more dominant and unrestrained in the former case.

The Cramping of Towns and Villages

One disastrous result of this is that land which is essential to the free and healthy development of towns is being kept out of the market in order to enhance its value, and that towns are cramped and their people become overcrowded in dwellings which are costly

without being comfortable. You have only to buy an ordnance survey map and put together the sheets which include some town of your acquaintance and the land in its immediate vicinity, and you will see at once what I mean. You will find, as a rule, your town or village huddled in one corner of the map, dwellings jammed together as near as the law of the land will permit, with an occasional courtyard, into which the sunshine rarely creeps, but with nothing that would justify the title of "garden." For it is the interest of the landlord to pile together on the land every scrap of bricks and mortar that the law will allow; and yet, outside, are square miles of land unoccupied, or at least rebuilt upon. Land in the town seems to let by the grain, as if it were radium. Not merely towns, but villages (and by villages in them) suffer extremely from the difficulty which is experienced in obtaining land, and by the niggardliness with which sites are measured out.

You cannot help feeling how much healthier and happier the community could have been made in these towns and villages if they had been planned on more spacious and rational principles, with a reasonable allowance of garden for every tenant, which would serve as a playground, as vegetable and flower garden, for the workman and his family, and which would even, in many districts, help materially to solve the problem of unemployment.

The same observations apply to the case of mineral royalties. There, all the expenditure is incurred by the capitalist, who runs the risk of losing his capital, while the miner risks his life; and I do not think it is too much to ask the royalty owner, who has con-

tributed no capital and runs no risk, to share in this emergency in bearing the large burden that is cast upon us for the defence of the country, and to help to pay the large sum of money needed to make provision for social needs, for the aged, and for those who have been engaged in digging out mining royalties all their lives.

Unearned Increment

My present proposals are proposals both for taxation and for valuation. Although very moderate in character, they will produce an appreciable revenue in the present year and more in future years. The proposals are three in number.

First, it is proposed to levy a tax on the increment of value accruing to land from the enterprise of the community or the landowner's neighbours. We do not propose to make this tax retrospective. It is to apply to future appreciation in value only, and will not touch any increment already accrued. We begin therefore with a valuation of all land at the price which it may be expected to realise at the present time, and we propose to charge the duty only upon the additional value which the land may hereafter acquire. The valuations upon the difference between which the tax will be chargeable will be valuations of the land itself—apart from buildings and other improvements—and of this difference, the strictly unearned increment, we propose to take one-fifth, or 20 per cent., for the State.

We start with the valuation of the present moment. No increment that has accrued before the date of the valuation will count. We value the land at its present value, and then count the increment from that point. You get the increment on two bases.

You get at it when the land is sold. Then it will be discovered what the actual increment is. We propose to charge 20 per cent. on the increment which the landlord receives, ascertained by comparing what he receives with the valuation to be made immediately after the passing of the Finance Bill. It would also be made on the passing of the property upon death; and if there is any increment which is not due to expenditure by the landowner himself on improvements, but is due merely to the appreciation of land in the neighbourhood owing to the growth of population or some other cause, then the same charge would be made on that increment. Corporations (which do not die) will pay upon property owned by them at stated intervals of years, being allowed the option of spreading the payment of the duty upon the increment accruing in one period over the following period by annual instalments.

Upon the creation of a lease or upon the transfer of an interest in land, only such proportion of the increment duty will be payable as the value of the lease or of the transferred interest bears to the value of the fee simple of the land, and increment duty once paid will frank the increment or the portion of the increment in respect of which it has been paid from any further charge of the duty. As regards the duty payable on the occasion of the grant of a lease, provision will be made for payment by instalments, inasmuch as in such circumstances no capital sum is available for payment of the duty.

Estimate of Yield from Tax on Unearned Increment

As the standard of comparison is the value of the land at the present date,

and the tax will be levied only upon the increment subsequently accruing, the yield in the first year will necessarily be small, and I do not think it safe to estimate for more than £50,000 in 1909-10. The amount will increase steadily in future years, and ultimately become a fruitful source of revenue.

Duty on Undeveloped Land

The second proposal relating to land is the imposition of a tax on the capital value of all land which is not used to the best advantage. The owner of valuable land which is required or likely in the near future to be required for building purposes, who contents himself with an income therefrom wholly incommensurate with the capital value of the land in the hope of recouping himself ultimately in the shape of an increased price, is in a similar position to the investor in securities who re-invests the greater part of his dividends; but while the latter is required to pay income tax both upon the portion of the dividends enjoyed and also upon the portion re-invested, the former escapes taxation upon his accumulating capital altogether, and this, although the latter by his self-denial is increasing the wealth of the community, while the former, by withholding from the market land which is required for housing or industry is creating a speculative inflation of values which is socially mischievous.

Another Anomaly Redressed

We propose to redress this anomaly by charging an annual duty of $\frac{1}{2}$ d. in the £ on the capital value of undeveloped land. The same principle applies to ungotten minerals, which we propose similarly to tax at $\frac{1}{2}$ d. in

the £, calculated upon the price which the mining rights might be expected to realise if sold in open market at the date of valuation.

Exemptions—Agricultural Land, &c.

The tax on undeveloped land will be charged upon unbuilt on land only, and all land of which the capital value does not exceed £50 an acre will be exempted, as also any land exceeding that value with respect to which it can be shown to the satisfaction of the Commissioners of Inland Revenue that no part of the value is due to the capability of the land for use for building purposes. Under these provisions all land having a purely agricultural value will be exempt.

Parks and Open Spaces

Further, exemptions will be made in favour of gardens and pleasure grounds not exceeding an acre in extent, and parks, gardens, and open spaces which are open to the public as of right, or to which reasonable access is granted to the public, where that access is recognised by the Commissioners of Inland Revenue as contributing to the amenity of the locality. Where undeveloped land forms part of a settled estate, provision will be made to enable a limited owner who has not the full enjoyment of the land to charge the duty upon the corpus of the property.

Valuation

The valuation upon which the tax will be charged will be the value of land as a cleared site, deductions being allowed for any expenditure necessary to clear it, and likewise for any value attributable to works of a permanent character executed by, or on behalf of,

any person interested in the land within a specified period of the date of valuation, for the purpose of fitting the land for building purposes. Until a valuation has been obtained it is impossible to estimate the yield of the tax with any precision, and the yield in the first year is made still more doubtful by the fact that, pending the completion of the valuation, the tax must be collected provisionally upon the basis of declarations by owners—arrearages (if any) to be collected later when the valuation has been completed. But as these declarations will also form the basis for the charge of increment value duty until the valuation is completed, with respect to which an under-declaration may have serious consequences, it may be expected that they will be sufficiently reliable to allow at any rate a large proportion of the whole amount due to be obtained within the year.

Estimate of Proceeds from Tax on Undeveloped Land and Ungotten Minerals

I therefore feel justified in estimating that the duty of $\frac{1}{2}$ d. in the pound on undeveloped land and ungotten minerals will produce not less than £350,000 in the current financial year.

Reversion Duty

My third proposal under the head of land is a 10 per cent. reversion duty upon any benefit accruing to a lessor from the determination of a lease, the value of the benefit to be taken to be the amount (if any) by which the total value of the land at the time the lease falls in exceeds the value of the consideration for the grant of the lease, due regard being had, however, for the case of the reversioner whose interest

is less than a freehold. The reversion at the end of a long building lease having no appreciable market value at the time the lease is granted is, when the lease falls in, of the nature of a windfall, and can be made to bear a reasonable tax without hardship.

Parties Worthy of Special Consideration

Some consideration must, however, be shown to the purchaser of an approaching reversion where the purchase has taken place before the imposition of such a duty was contemplated. I therefore propose to make special provision to deal with that case. Special provision will also be made to meet the case of an increment value, in respect of which increment duty is payable under my first proposal, being included in a reversion. Another case in which special consideration should, I think, be shown is that of a lease determined by agreement between lessor and lessee before its expiration for the purpose of renewal. Towards the termination of a lease the lessee may be willing and even anxious to make improvements in the premises, provided that he can obtain a decent security of tenure at a reasonable rent. His business may be crippled for want of proper accommodation, but he is at the mercy of the ground landlord, who, in many cases, wrings out of him the uttermost farthing before agreeing to a renewal which is to the interest of both parties. If the parties fail to come to terms the opportunity for an improvement, possibly of great public utility, is at any rate postponed, and perhaps irretrievably lost. The importance of facilitating such renewals in the interests of lessees, of the building trade, of the public generally, and even of the ground landlord himself, can scarcely

be exaggerated. Accordingly in cases where a reversion is anticipated in circumstances of this character, and comes under taxation at an earlier date than would have happened in ordinary course, by reason of an agreement entered into with the lessee to enable him to improve the premises, I propose to make a special abatement of duty proportionate to the unexpired period of the original lease which is surrendered, and I have great hopes that this allowance, coupled with the fact that the value of the reversion for the purpose of the duty, will be calculated upon the difference between the consideration for the old and the consideration for the new lease, will induce owners to grant renewals more readily and upon more favourable terms than at present, and so tend to remove one of the most mischievous effects of the leasehold system.

Estimated Yield of Land Taxes

There are no official statistics of the value of leasehold property, or of the dates upon which existing leases determine, and I am therefore not in a position to give more than a conjectural estimate of the annual yield of this duty. There is, besides, reason to believe that the number of leases falling in from year to year is by no means a constant quantity, and this makes the task of estimating for a particular year still more difficult. On the whole, I do not think that I can in the present year rely on a larger revenue than £100,000 from this source, and I propose, therefore, to estimate the yield of the three land taxes for the current year at £500,000, an amount which, however, must not, as I have already explained, be regarded as any indication of the revenue they will ultimately produce.

Valuation of Real Property

These proposals necessarily involve a complete reconstruction of the method of valuing property. The existing taxes upon real property are levied upon the annual value of such property as a whole without distinguishing between the value which resides in the land itself and that which has been added to it by the enterprise of the owner in erecting buildings or effecting other improvements. Even apart from this, the methods of valuation vary in different localities, with the result that the incidence of existing burdens is very uneven. The intensely complex character of British land tenure introduces a further complication. There are no official records of the various interests in land, existing rates and taxes being charged upon the occupier, who is left to recover from the other interests (if any) either by a rough-and-ready scheme of statutory deductions from rent or by making such bargain as he is able with his landlord. It now becomes necessary for the purposes both of the increment value duty and of the undeveloped land duty to distinguish between the two elements in the value of real property, while, as the increment value duty and the reversion duty will both of them have to be collected from the particular interests to which those accretions respectively accrue, a complete register of the owners and other persons interested in land, with full details of the various interests, will ultimately be required.

The preparation of such a register will be a lengthy task which must in the main be proceeded with as each separate property comes under taxation, but the question of valuation is of greater urgency. The existing valuation lists on an annual value basis

even if they represented the true annual values, which in many cases they do not) would be of little use for the purpose of determining capital values—the basis of the new duties—and it will therefore be necessary to provide machinery for a complete valuation on a capital basis of the whole of the land in the United Kingdom. I do not think I will enter into particulars now of the method which we propose to follow in valuation. I shall do that when we come to discuss the Resolution in Committee. Now I have disposed of direct taxation.

INDIRECT TAXATION

I am not going at this late hour to enter into any discussion of the principles which ought to guide a Finance Minister in the imposition of indirect taxation. But one thing I am sure will be accepted by every Member of this House, and that is that we ought at any rate to avoid taxes on the necessities of life. I referred some time ago, in the course of a discussion in this House, to the old age pension officers' reports. There was one thing in those reports which struck me very forcibly, and that was that they all reported that the poorer the people they had to deal with, the more was their food confined to bread and tea.

Tea and Sugar

Of the price of that tea, which of course was of the poorest quality, half goes to the tax gatherer. That is always the worst of indirect taxation on the people. The poorer they are the more heavily the tax falls upon them. Tea and sugar are necessities of life, and I think that the rich man who would wish to spare his own

pocket at the expense of the bare pockets of the poor is a very shabby rich man indeed; therefore I am sure that I carry with me the assent of even the classes upon whom I am putting very heavy burdens, that when we come to indirect taxes, at any rate those two essentials of life ought to be exempt.

Beer Duty

There are three other possible sources—beer, spirits, and tobacco. An increase in the beer duty, sufficiently great to justify an addition to the retail price, would produce a very large sum—larger, indeed, than I require for my present purposes—and would have, besides, in all probability, the effect of diverting the consumption of alcohol from beer to spirits—a change which would certainly not conduce to the social health of the country. The incidence of a small duty, on the other hand, would, to a large extent, at any rate in the first instance, be upon the liquor trade rather than upon the consumer; and I should not feel justified in imposing such a burden in a year when so considerable an additional contribution is being called for from that trade under the head of licence duties.

Increase of Spirit Duty

The case of spirits is, however, somewhat different. I am aware that the small increases in the spirit duties which were made by Lord St. Aldwyn during the South African war were disappointing in their financial results, and that any further increase would undoubtedly result in a considerably diminished consumption, which would, to a very large extent at any rate,

nullify the benefit to the revenue which might otherwise be expected to accrue from it. It does not, however, follow from the result of this small experiment that we have reached the absolute limit of the profitable taxation of spirits, or that a substantial increase in the rates of duty would not, in spite of its effects upon consumption, produce an appreciable amount of revenue. I am disposed, at any rate, to try the experiment, which, even if it ends—to take the most pessimistic view—in no larger revenue being raised from the higher rate upon a diminished consumption, than by the existing rate upon the present consumption, will still, in my view, be conducive to the best interests of the nation. It is perfectly true that the small duties imposed up to the present have not been productive. The reason for that was that the publican, or the retailer, found that, probably by changes in the character of the whisky, or by other means, he was able to get his money in another way, and the consumption decreased by a considerable amount. It is idle, therefore, to put on anything except a fairly heavy tax, and I impose a duty which the publican will find it to his interest to charge. I propose to raise the present duties (Customs and Excise) on spirits by 3s. 9d. per gallon, an amount which will, on the one hand, justify an increase in retail prices, and on the other hand, assuming such an increase to be at the rate of a halfpenny per glass, will leave a margin to the publican to recoup himself for loss of profits arising from decreased consumption, and have something over towards mitigating the pressure of the new licence duty. The mere paper increase of a duty of that sort would be very considerable, but I

do not expect to get anything approximating to that.

This year there are exceptional circumstances. First of all, the forestalments are very heavy. It is not merely forestalments up to the end of the last financial year, but they have been going on since, so that the wholesale people have got in hand sufficient stock to carry them on comfortably for a good many weeks at any rate. Therefore, we do not get the increase for some weeks, possibly for some months. That will make a very considerable hole in the estimate which I should otherwise have made of the yield of those taxes. Not only that, but I have not the faintest doubt that it will have the effect of decreasing consumption; that will be the inevitable effect. It may drive a good many from spirits to try beer and to expedients of that sort. It will involve a very considerable increase in the price of the commodity, and therefore, I think, must have a very considerable effect in diminishing the actual consumption.

Estimated Yield

Taking all these influences into consideration, I do not feel safe in counting upon receiving more than £1,600,000 additional revenue as the result of the change in 1909-10.

Increase of Tobacco Duty

I have still nearly two millions more to find, and for this I must turn to tobacco—from a fiscal point of view, a much healthier source of revenue. The present rate of duty on unmanufactured tobacco containing 10 per cent. or more of moisture is 3s. a pound, and the increase I propose is

8d. a pound, with equivalent additions to the rates for cigars, cigarettes, and manufactured tobacco. Now, one pound of unmanufactured tobacco, as imported, produces, after allowance has been made on the one hand for waste in manufacture, and on the other for the moisture which is added in preparing it for sale, nearly one and one-fifth pounds of the tobacco of retail trade, so that an addition of a half-penny an ounce to the retail price leaves the tobacco trade with an ample margin to finance the increased duty.

Estimated Yield

In estimating the additional yield from the increased rate of duty, regard must be had, as under the spirit duty, to the considerations that one month of the year has already passed, and that the duty-paid stocks are inflated by forestalments. Allowance must also be made—but in this case a comparatively small allowance—for decrease of consumption consequent upon the higher rate of duty. My estimate, therefore, is £1,900,000 for 1909-10, and £2,250,000 for a full year.

FINAL BALANCE SHEET

I am now in a position to present my final balance sheet for 1909-10.

The Revenue, on the present basis of taxation, being ... £148,390,000
And the Expenditure, on the basis of the Estimates already presented to Parliament ... 164,152,000

The Account, before adjustment, shows, as I have already explained, an anticipated deficit of £15,762,000

To the Revenue side of the Account must be added:—

Under Customs and Excise:—

New duty of	
3d. a gallon	
on petrol	£340,000
Increase of	
spirit duties	1,600,000
Increase of to-	
bacco duties	1,900,000
Revision and	
increase of	
liquor licence	
duties	2,600,000
Motor - car	
licences	260,000

Making a total addition under the head of Customs and Excise of ... £6,700,000

Under the various Inland Revenue duties the new proposals are estimated to produce:—

Estate duties	£2,850,000
Stamps	650,000
Income tax	
(net)	3,500,000
And the new	
land taxes	500,000

Or a total from new and increased Inland Revenue duties of ... £7,500,000

These amounts (namely, £6,700,000 from Customs and Excise and £7,500,000 from Inland Revenue) added together give as the total estimated yield of new taxation ... £14,200,000
Adding these sums to the estimated Revenue on the existing basis ... 148,390,000

We arrive at ... £162,590,000

as the estimated Revenue of the year.

To the expenditure side of the account must be added :—

Under the head of Consolidated Fund Services :—

The proceeds of the petrol duty and motor car licences which will be paid to the new fund for improvement of roads £600,000

Under Civil Services :—

The amount required for the year's grant to the new Development Fund ... £200,000
For labour exchanges 100,000

Making a total addition under Civil Services of 300,000
and under Customs and Excise and Inland Revenue ... 50,000
for the payment of valuers and other administrative expenses arising in connection with the proposed taxes on land.

Adding these sums together we arrive at a total additional expenditure of ... £950,000
which, with the expenditure on the basis of the Estimates already presented ... 164,152,000

increases the total estimated expenditure for the year to ... £165,102,000

Brought forward.....£165,102,000

Deducting, under the head of Consolidated Fund Services, the amount of the proposed reduction of the Fixed Debt Charge ... 3,000,000

We arrive at ... £162,102,000
as the final figure on the Expenditure side of the Account.

The Total Estimated Revenue thus being £162,590,000
and the Total Estimated Expenditure ... 162,102,000

there remains a margin for contingencies of ... £488,000

There will be a very considerably increased demand upon the yield of those taxes for the coming year. If the Navy expenditure is at the maximum, which I anticipate, most of the increased revenue will be absorbed by naval expenditure. The balance will be appropriated to those schemes of social reform which I sketched at the beginning of my observations.

A War Budget against Poverty and Squalidness

This, Mr. Emmott, is a War Budget. It is for raising money to wage implacable warfare against poverty and squalidness. I cannot help hoping and believing that before this generation has passed away we shall have advanced a great step towards that good time when poverty, and the wretchedness and human degradation which always follow in its camp will be as remote to the people of this country as the wolves which once infested its forests.

CHAPTER II

THE RECEPTION OF THE PEOPLE'S BUDGET*

Bright Commercial Outlook

The Government have every reason to be gratified with the reception which has been accorded to the Budget. It is not merely the reception in the House; I think we have every reason to be pleased with the way in which it has been received in circles where we had cause for apprehension. A very large section of the Press used some very wild language about the Budget, but it does not seem to have had the slightest effect upon the great commercial centres of the country. I was amused when reading a very ably-conducted paper, which in its leading article attacked the Budget more violently perhaps than almost any other paper in the country. After reading the leading article I looked at the financial page, where I found that the City editor said :—

“Stock Exchange members will be actually very light-hearted. Financially and politically the outlook for once in a way is bright, and it looks as if there ought to be some business to tax.”

I think on the whole that the best answer to the leading article was the comment of the City financial editor as to the way in which business men

* Speech in the House of Commons Committee of Ways and Means, May 4th.

looked at the proposals of the Government. The same remark will apply to the reception in this House. There has been a good deal of severe criticism, but on the whole it has been temperate and moderate, and with the exception of some indescribable epithet which a certain hon. and gallant Member thought it consistent with the rules of the House to give expression to, I think the language has been most restrained.

The Main Features of the Budget Unchallenged

Most of the main features of the Budget have been unchallenged. I would like to dwell upon that. First of all, the indebtedness, which is the basis of the Budget, has not been criticised in substance. Old age pensions and the Navy are responsible for the deficit against which I had to budget, and no section of the House has challenged that deficit. I do not think that any responsible speaker has challenged the plan of the Budget not merely for the liabilities of this year, but for all the liabilities in sight. Nor have the objects of future liabilities been criticised. The Navy, the deserving pauper, the Development Grant, industrial insurance, and the relief of local burdens—these are the main objects which we had



LLOYD GEORGE (to Rich Boy running away): "Hi! You've FORGOTTEN TO FINISH IT!"

(By special permission of the Proprietors of "The Westminster Gazette.")

in view in budgetting not merely for this year, but for the coming year; and it is very remarkable that not merely were all these leading features in our proposals practically uncriticised, but, as far as the right hon. Gentleman who stated the case for the Opposition (Mr. Balfour) is concerned, the bulk of the taxation which we propose was also unchallenged. Let the House recall that speech; I listened to it very carefully, and I read it afterwards. I am referring to the indictment presented on the whole case by the Leader of the Opposition. I quite understand that he could not possibly criticise every little detail in the Budget. That is not the point I am making at all. But if there were any outstanding proposal with regard to taxation which he regarded as unjust he certainly would not have passed it over without comment. Let the Committee just recall his speech. Income tax he did not criticise; the increase of 2d. he said not a word against; the super-tax he said nothing about.

Mr. Balfour has practically nothing to say against three-fourths of the taxation.

He did not devote any part of his speech to criticising or condemning the super-tax, and he did not say a word about the proposal for the relief in respect of children. Most remarkable of all, though there may have been a sentence on the point, he did not attack the estate duties; stamps he said nothing about; the motor tax he said nothing about; and he did not criticise even tobacco. Let the Committee bear in mind what that means. It represents at least three-fourths of the revenue we are raising this year, and nearly nine-tenths of the revenue to be raised next year. Here is a Budget as to the monstrosity of whose pro-

posals even the hon. and gallant Member opposite (Captain Pretymen), whose command of language leaves nothing to be desired, cannot, after careful searching, find adjectives which will adequately describe his feelings, and yet the Leader of the hon. and gallant Member actually leaves three-fourths of this revolutionary and Socialistic Budget without a word of criticism. Three-fourths of the taxation of the Government he had practically nothing to say against. And this is the very wicked Budget that is going to subvert society and destroy the powers of this country. One Gentleman on the opposite side believes that. He is, I believe, the only one.

The Criticism of the Land and Licensing Taxes

That is a position upon which I think we can congratulate ourselves. The City unmoved! On the contrary, Consols and Government securities going up! Gilt-edged securities improved! The only thing I observed is that the American market was weak. Now, that is because, I believe, they are increasing the tariff. Well, now, I would ask the attention of the Committee to another fact. Criticism has been concentrated really not on the great taxes of the Government, but on practically two proposals, land and licences. I should like to consider these two proposals in detail, but before I do so I think it would be perfectly fair for me first of all, if the Committee will bear with me, to address myself to two or three questions rather aside from the main propositions, and raised by two Members of the House. If they will allow me to wander outside the main lines of the Budget I shall be glad, for after all it is necessary to address myself to criticism of this sort.

The Case of Ireland

The first point was put by the hon. and learned Member for Waterford. The hon. and learned Member says that this Budget treats Ireland very harshly. Of course, you cannot tax without hitting somebody. The only tax that is popular is a tax on somebody else. But when you are taxing for common purposes, you must have a common contribution. There is no part of the country that derives nearly such benefit in proportion from the money which we raise from this Budget as Ireland; and I think it is fair, not that we should not ask Ireland for a contribution, but that we should not draw a distinction either in favour or against Ireland. That is all we have done. The contribution of Ireland, generally speaking, is about 6·5 of the taxation of this country. The contribution we ask for in this Budget is 4·2, so that really we are asking Ireland for a contribution which is considerably less than the one she is making at the present moment to the Imperial revenue. The hon. and learned Member talked as if Ireland was purely interested in spirits, and had no interests, for instance, in beer. Surely he knows perfectly well that is not the case. If we taxed beer, exactly the same sort of complaint would have come from that great industry. Ireland, I believe, consumes a very fair share of the product of the brewery. I believe the whole of the increase is rather in the consumption of malt liquors as against spirits in Ireland, so that if we had taxed them, we should have had an increasing contribution from Ireland instead of a diminishing one. The hon. and learned Member, rather unfairly I thought, in describing the great poverty of Ireland, which no-

body has been readier to acknowledge than I have—especially after the Report we have had from our revenue officials regarding the condition of the people in the west—said: Is it fair to tax their tobacco for “Dreadnoughts”? But he knows perfectly well that out of that deficit there is only £3,000,000 for the Navy, and £9,000,000 for old age pensions. Why did he choose the fourth, and ignore altogether the three-fourths? Ireland has had a larger proportionate share of the pensions than any other part of the United Kingdom. No man in this House was more prepared to meet the demand from Ireland than I was. I belong to a small nationality myself. Therefore I can appreciate the feeling of Ireland with regard to many of their grievances. But at the same time I do not think the cause of Ireland is advanced by a demand of that sort and supported by that kind of argument. Take tobacco. There was mentioned the case of a peasant who had earned £23 a year. Out of that £23 a year he consumed 5½ ounces of tobacco per week. The hon. and learned Member said: “Is it really fair that you should tax a man who contributes so to the revenue?” That is not what we do. Is it too much to ask that a peasant who at 70 years of age is to get 5s. a week for himself and 5s. for his wife—is it, I say, too much to ask him to sacrifice half an ounce of tobacco every week for a return of that kind? I do not think it is.

Ireland Derives her Fair Share from the New Taxation

Take our proposals with regard to future expenditure. There is no part of the country which stands a better chance to get its fair share.

Take, if you like, the treatment of the meritorious pauper, with whom we are pledged to deal. There is no part of the country which will derive so large a benefit in proportion as Ireland will in that respect. I have not the faintest doubt that the same will apply in regard to the Development Grant and the other proposals of the Government. The hon. Member would have some cause to complain if we were raising money for purely British purposes in which Ireland did not participate. But we are not doing that; we are improving the position of taxation, and Ireland is deriving, I will not say more than her fair share, but more than her share in proportion to population. That being so, I do not see how it would be unfair to call upon Ireland to contribute the same as the poorest parts of the United Kingdom are contributing.

The Development Fund

Now I come to the question of the Development Fund. I agree with the hon. and gallant Member for Essex in one proposition he laid down, that money ought not to be spent upon this development by the State if the landlords can do it better for themselves. If things can be done better by individuals it is certainly a mistake for the State to meddle. But I want him to remember this. He, I know, is not merely a representative of good landlords, but he is a very enterprising landlord. But what he and a few landlords like him do the vast majority of landlords cannot afford to do. I want him to bear that in mind. No one knows it better than he does. There are a few landlords here and there who are very wealthy, and have great resources, and who are also very public spirited. The Duke of

Bedford is a case in point. He has done these things, but I do not think you can depend upon the sporadic enterprise of just a few landlords who can afford it, and who have got exceptional resources that enable them to experiment.

Every Civilised Community is Spending Money upon Development

I think we ought to do what other countries in the world are doing. It is no reflection upon the landlords. I repudiate the suggestion that came from the Leader of the Opposition, who thought the scheme was a reflection upon the landlords for not having done their duty. We are simply proposing what is done by every civilised community in the world. We are doing less than any others, and I think it is about time we did something. I will give the Committee, if they will bear with me, a little of my experience in this matter when I was at the Board of Trade. Every Member who knows an agricultural district will bear me out, that the development of local transport has almost come to an end. For some time the light railway business was flourishing. You hardly ever hear of it now, and the reasons are perfectly obvious. You cannot find landlords ready to cripple their resources by giving more than they can afford to the light railways in their districts. These light railways purely as dividend-producing concerns do not pay. They pay from the point of view of the development of the resources of the community and pay a hundredfold; but they do not pay from the point of view of producing 3, 4, 5, or 10 per cent. As a rule these light railways are required in the poorest districts, and they ought thus to be treated as roads are

treated. When an authority makes a road across the country it does not look at it from the point of view of what it can pay in cash. It deals with it from the view that you have got to open up the country, and the same thing ought to apply in the development of the transport for bringing up produce to the market. What we discovered was that the local communities who were in those poor districts could not afford to go on contributing for the purpose, and that the grant they received was quite inadequate. In Ireland there has been a good deal of money spent on these projects, but honestly I do not see why the expenditure should be confined to Ireland. When you are going to help the poorer districts in any country the Government should fairly assist. It is in the interests of the whole community that that should be done.

The Sinking Fund

Other points were raised not merely by hon. Gentlemen opposite, but by hon. Friends of mine, with regard to the Sinking Fund and with regard to afforestation. I cannot go into that now at any length adequate to its importance, but there will be a separate proposition before the House, and I shall then state my arguments for it. All I ask my hon. Friends and the House generally is that they, at any rate, will preserve an open mind until an opportunity occurs of discussing it and presenting the case which I wish to make in favour of it. The only thing I will say now about it is this: it has been ascertained that the old Sinking Fund has always gone to the reduction of debt. As the hon. Member for Gloucester pointed out on Thursday last, during the whole time of the late Government the old Sinking

Fund never went to the reduction of debt.

There is another point about the old Sinking Fund upon which there appears to be a good deal of misconception. The idea is that it is proposed to put it under the control of a Government Department, where it will be withdrawn absolutely from the control of Parliament. That is not the idea. The idea is that it should be a reserve which Parliament can direct. It would be very serious if it were put under, for example, the Board of Agriculture, or any other department, and spent absolutely without the control of Parliament. The idea is that it should be just as much under the control of Parliament as it is at the present moment.

Afforestation

I should like to say something about afforestation in reply to the right hon. Baronet the Member for the Forest of Dean (Sir Charles Dilke). I agree with him, and I think I said so in the course of my observations on Thursday, that it would be a great mistake for us to plunge into a great afforestation scheme, and commit ourselves to a proposal for planting, I do not know how many millions of acres, without a most careful examination of the whole of our proposals. All we propose is, first, to do something for forestry schools, and secondly, to do something for experiments in afforestation. In this matter we must proceed carefully and cautiously. The right hon. Gentleman said that to plant the best land of the country with forests would be the very worst purpose to put it to, and I agree with him. The only proposal I have heard is for planting trees upon waste lands of the country.

Local Rates

The right hon. Gentleman makes a point about the local rates, and he wants something more specific from the Government as to what we propose to do for the local rates. He knows perfectly well that it would be impossible at the present stage to give any definite or specific pledges as to what we can do, because you cannot estimate with absolute accuracy what money will be available for next year. I agree we are only budgetting this year for the deficit which we have to find. Next year I agree that with a revenue which I shall provide, if the House of Commons adopts these proposals, there will be a substantial surplus—a very substantial surplus—to deal with these matters. As far as the Government are concerned they have hypothecated that surplus first of all to pay for the Naval Bill, which must be very much higher next year than this year—considerably higher, but how much it is impossible for the Admiralty to state at the present moment.

Industrial Insurance

Then with regard to the question of industrial insurance. I think there will be a sufficient sum of money to deal with the pressure of the local rates. I think this a very serious grievance not merely from the point of view of the ratepayer, but also from the point of view of the best type of municipal enterprise. I could not possibly at the present moment go beyond that, for the simple reason that no man can budget a year in advance or give an indication of what the surplus or the deficit will be twelve months in advance.

Defence of Budget

I come now to the criticisms passed in respect of our financial proposals. The real charge against the Budget is that we have chosen special industries for taxation, and we are told that it is quite unprecedented to choose special industries for taxation, that it has never been done and never will be done by hon. Gentlemen and right hon. Gentlemen opposite.

Sugar Tax

I will take the sugar tax, for instance. That tax hit a special industry, and hit it very hard. All those who were dependent upon the sugar industry lost a good deal of money. There were trades where half the profits were wiped out in the following year by the sugar tax, and that was imposed by hon. Gentlemen opposite. At that time they never raised the argument that it was taxing a special industry.

Case of a Tariff

Take a tariff. Do hon. and right hon. Gentlemen opposite mean to say it is possible to set up a tariff in this or any other country without favouring certain industries and hitting other industries very hard? They may say that what they have to look at is the balance of advantage. They may say that the first consideration for them is the good of the country as a whole, but no man who knows anything about the operation of a tariff will deny that the moment you set it up there are certain industries which are bound to be hit very hard indeed. Would that be considered by them as a fatal answer to the demand for a protective tariff? Of course it would not. You

must look at the interests of the country as a whole, and you cannot sacrifice that for the interests of any industry or any branch of industry in this country. The right hon. Gentleman the Leader of the Opposition, referring to our proposals in regard to land, said that there was no civilised community in the world where a discrimination was made in regard to licensing and land. The right hon. Gentleman surely could not possibly have studied the financial system of the United States, Germany, Italy, and our own Colonies. In the United States you have not merely high licences, but in States like New York you have special taxes on land values.

Taxes on Licences

The taxation of licences is already done in every civilised community. There is hardly one of our Colonies in which you have not got high licences or the taxation of land. As a matter of fact we are now making proposals which are years behind other countries. What is the proposal with regard to taxing licensed property? Is it unfair to put a tax on licensed property which you do not put on other property?

It is admitted that a certain amount of discrimination is certainly fair. If not, why do you support a system which taxes a public-house, but does not tax a grocer's or a draper's shop? Because that trade is in a very different position. You can raise a special tax upon the liquor traffic without infringing on the principles of the civilised community.

I agree that in the main the fairest principle on which you can tax is the principle which is governed by the amount of liquor sold. You may get one house with a rateable value

which is very high and another with a rateable value which is very low, and the one with the low rateable value may make much more money out of its licence than the other. That is exactly the proposition which I am trying to put, and I am trying to get a revaluation more or less upon that principle. That is the principle which has been embodied more or less in the Kennedy judgment. I am not responsible for the Kennedy judgment. I must take the law as I find it. I think that is the fairest way to assess these houses. We cannot do it in the present year, and we want money this year, therefore all we can do is to take the present basis this year, and do our best.

The tax should be governed by the business which is done in a particular house. That is the real test of monopoly value.

Case of a Brewery Firm

The right hon. Gentleman the Leader of the Opposition yesterday gave the case of the Whitbread Brewery by way of showing how very unfair these proposals of the Government were. He said that the proposals of the Government raised the taxation of this particular company by something like £36,000 a year, and then he said at the present moment all their profits only amounted to £27,000.

That by no means represents the profits of that great firm. As a matter of fact, I think their profits were about £140,000. But still, let me put this to the Committee. The Government put on threepence per barrel, and that, I am told, is £9,500. We are told that that is very monstrous. Let me remind the Committee what the late Government did. They put on a tax of 1s. per barrel, and that cost Whit-

bread's on this basis not £9,500, but £38,000. We are confiscators; we are robbers, because we put it up to £9,500. What is to be said of Lord St. Aldwyn, who put it up to £38,000? And what is to be said of the Gentlemen who were his confederates in that act of confiscation and robbery? Of course they know perfectly well that that £38,000, that that 1s. per barrel, was passed on to the consumer, and if 1s. can be passed on to the consumer so easily, what is the difficulty about 3d., and I have no doubt it has been passed on long ago—passed on to the consumer long before it has been paid. As a matter of fact, I have seen no end of scales of how the prices have been raised—the price of whisky, the price of other intoxicants, the price of tobacco. All I can say is that if the prices are put up to these figures this proposal will mean a fortune for the trade, and they are making an enormous profit out of it. Everybody knows perfectly well that they are not going to pay this sum of money, and that they do not mean to pay. In the country they are saying so. They cannot have it both ways. They cannot come to the House of Commons and say, "Behold how we are robbed of £36,000," and go on the platform and say, "Behold how your beer, tobacco, and whisky are higher?"

Land

Take, again, land. We are discriminating against land; the only civilised country, we are told, where it has ever been suggested. I wonder sometimes whether people read the newspapers.

The Conservative party in Germany, the party of the land, the party of Protection, and the party that believes in building more "Dreadnoughts," they

suggested as an alternative for the purpose of raising the revenue an increment tax on land.

Success on Continent of Land Taxes

This revolutionary socialistic proposal is actually in operation in the most advanced commercial cities of the Continent. It has been for years a great success. The only difference between our proposal and theirs is, as one might expect, that ours is much more moderate. There you go back to the increment of 50 years. In some cities of the Continent you assume an increment where land has been held 20 years. We do not propose to go back at all. Whatever is in the possession of a man now we say, "Very well, you retain that." We begin by valuing the land at its present position, and we say whatever increment is due to the money which the owner spends on the development of his property, will be credited to him, every penny, but whatever is due to the industry and enterprise of the people we ought to have one-fifth of it for the people who made it. Then I am asked, why do you do this with land and with nothing else? This is no novel proposition. The Housing Commission, which had as one of their members the then Prince of Wales, the present Sovereign, by their Report, proposed a tax of this sort. They actually proposed a tax upon undeveloped land near the towns. Really would a Commission under such auspices and with such signatures 25 years ago propose a revolutionary socialistic scheme? Hon. Members have only to apply their common sense to see the absolute distinction there is between land and other property.

Example of Devonport

Take if you like a town like Devonport. Devonport has been created as a great aggregation of people purely by the expenditure of Government money. The land there was practically worthless before the Government began spending money on it. At any rate it was worth very little. Millions of money have been spent there, and hundreds of thousands are spent in keeping the place going by wages. What is the result? The landlord has done nothing, but his property has gone up in value a hundredfold, and even a thousandfold. Is that due to his enterprise, his energy, or to any capital he has expended? It has all been due to the expenditure of the Government.

Take on the other hand the case of a man living in a town—a tradesman or a professional man. He makes his business there, and he makes his income there. What he makes out of it is due to his own brains and exertions, and the moment these exertions cease his income ceases, but though the landlord makes no exertions the value of the land goes up. To say that there is no distinction between the two cases is to fail to grasp elementary principles.

Mining Royalties

The same thing applies to mining royalties. Anyone who has lived in a mining country as I do knows that. Take the case of South Wales or some of the mines in North Wales. Within living memory that land was common land. I am not going into the question how it ceased to be common land, but it is not so now. It was perfectly worthless land for agricultural purposes. Why is it now of enormous value? It is because a capitalist

comes along and risks the whole of his capital. The capitalist takes great risk with respect to his capital in sinking a shaft. If he does not discover coal his money goes. But what does the landowner risk there? Not a penny. He gets his mining royalty if the thing is a success. He gets his rent even when the mine is not working, and when money is actually being sunk in trying to find out if there is coal. The rent is paid at an extravagant price, and not only that, but for the surface he gets compensation, at the rate of three times its value for agricultural land.

Death Duties

I would like to answer one other point raised. A claim has been put forward for preferential treatment for the landowners. It has been argued not only that there ought to be no discrimination against urban land, but that there ought to be a discrimination in favour of land generally as far as death duties are concerned. It has been said that death duties paid in respect of property should be spread over the income during a man's life. You never do that at the present day. Why should we do it? Suppose a man has got £100,000 under a will; suppose he has got to pay £10,000 in legacy and succession and death duty. He deducts that out of the corpus, and then he retains the £90,000. He does not spread it over his income in his life. He tries to increase his income, and to convert his £90,000 into £900,000 if he can. Why should the landlord be in a different position? He has got to deduct the "duty" like everybody else from the corpus of his property, and, if necessary, he has got to dispose of his

property to raise it. Why not? It is what is done in every other case.

I really can assure hon. and right hon. Gentlemen opposite that the Government—and I speak for myself and my colleagues—are sincerely anxious to do what is right and fair in this matter. It is a difficult task. There is a huge deficit to meet, for which Parliament as a whole is

responsible. Our business is to distribute the burdens. It is a hard task, a very anxious task, a very invidious task to do so. I have endeavoured honestly to distribute them freely. I wish to do so in a way that brings privation to no home, however humble; I wish to do so in a way that creates injustice for no interest, however powerful it may be.

CHAPTER III

THE FAIRNESS OF THE PEOPLE'S BUDGET.*

Taxes in France Compared with those in Britain

We have been told to-night there is no Income Tax in France and no Death Duties in France. Will the hon. Gentleman really believe it, as a matter of fact, there are very heavy Death Duties in France? Did not he really know that in France there are Death Duties running up from 1 per cent. to 20½ per cent.? Here is an hon. Member who ventures to instruct us in this House, and always does it with great confidence and assurance, especially on questions of fact, talking about France, and saying that there are no Death Duties there, when there are Death Duties in France ranging from 1 to 20½ per cent. With regard to Income Tax in France, does he know that the present Income Tax is simply a consolidation and extension of the present system?

Does he know that at the present moment in France the equivalent of this Income Tax is to be found in taxes on dividends, taxes on land—they are the equivalent of Schedule A here—and on trade? Does he know that there are taxes running to over 20 millions a year raised at the present moment in France, and that the present Income Tax duty is simply a consolidation and

extension of that? The hon. Member never knew that, yet he comes and declares in the House of Commons that there are no Death Duties in France, and no Income Tax in France, while France is raising about thirty or forty millions at the present moment by these methods. That is just a sample. Let the House of Commons bear in mind the facts upon which charges of robbery are made by the hon. Member as against Members of the same House as himself.

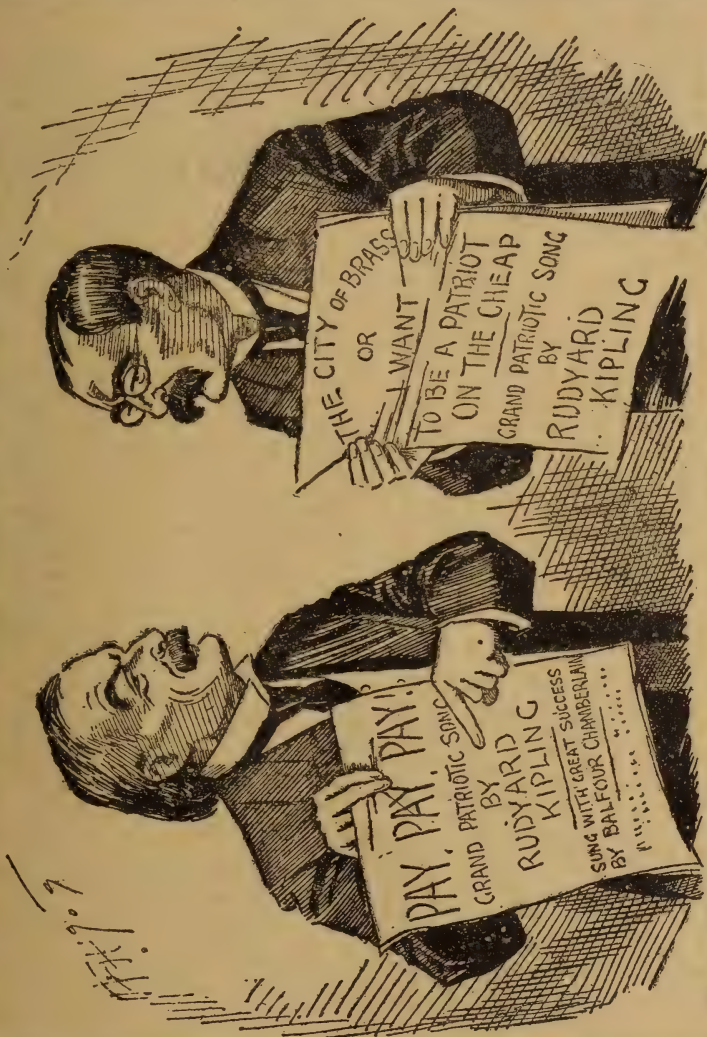
The Flow of Capital to the United States Infinitely Greater Twenty Years Ago

Here is another sample of the sort of fact we get from the hon. Gentleman. He said never before was there such a flow of capital to the United States of America. Where on earth did he get that from? Does he not really know that twenty or thirty years ago there was an infinitely greater flow of capital to the United States of America, when they were building and extending their railways there? When they were developing the railway system of America, and had not the same surplus of capital as at the present moment, they were bound to depend upon our markets, and the flow of capital then was infinitely greater than at present.

* Second Reading Debate, 9 June.

SINGING A DIFFERENT TUNE.

(Mr. Rudyard Kipling, the writer of the old Jingo song, "Pay, Pay, Pay!" has just written a new poem, in which he ~~changes~~ ^{writes} about the increased taxation proposed by the Government.)



MR. LLOYD GEORGE: "You seem to have changed your tune a bit, Kipling, since you wrote this little song."

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Our Capital Flowing to the Colonies, where the Taxes that here are called **Robbery** are considered **Statesmanship**

Here is another fact. The hon. Gentleman said: "There is at any rate one good that comes out of this Socialistic Budget: Money is flowing to the Colonies, and that is a good thing." If it is flowing to the Colonies, it is flowing to the countries where there are Bills based upon the principles of this Budget, enacted already. In New Zealand, to which a good deal of our capital has gone, in Australia, to which a good deal of our capital has flown and is flowing, they have got valuation, they have got taxation of land. Because it is Colonial and has got a Colonial brand upon it, it is statesmanship, but the moment it is proposed in a more moderate form here it is robbery. So capital is going to run away from a halfpenny tax upon undeveloped land to New Zealand where the tax is infinitely higher, and to Australia where the tax is treble and quadruple what it is here. Why should it run away from a halfpenny here in order to be turned into a sovereign.

"Inconsistencies of the Budget"

Then the hon. Gentleman said there are so many inconsistencies between the speeches delivered on the Budget by my right hon. Friend the Prime Minister and myself, the President of the Board of Trade, and the Secretary of State for War. If he had really listened to these Debates he would have noticed what I have noticed, namely, the inconsistency of the charges made with regard to this Budget. I am not sure that he himself has not been guilty of some of them. Take this: "We are robbing the rich and pauperising

the poor!" That is one. Then there is another: "We are robbing the poor man of his tobacco and his whisky; we are plundering a small class and putting the whole taxation upon a small section of the community." Another charge is, we are attacking every trade and industry and class in the country.

Land

One charge is that we are inflicting the most oppressive and cruel taxation upon the landlords of the country. The next charge is that we are taking the time of Parliament and wasting it in order to raise the paltry sum of half a million. Another charge is we are specially selecting the great landowners in order to break up their estates. We are told that the effect of this Budget will be to destroy all these great landed estates. The charge brought by the hon. and gallant Member for Chelmsford (Captain Pretyma) was that the effect of the Budget was to concentrate land in the hands of the few.

Licences

Further, he said we are crushing the liquor trade under a load of taxation for vindictive purposes. The next charge is, we are endowing it with millions a year. Now, which is it? How can we do all these things? Are we endowing them? How can we do all these things for vindictive purposes? The Leader of the Opposition said we are endowing the trade by 24 millions. Now another hon. Gentleman says we are vindictively putting taxes on in order to crush the trade out of existence. Well, really, they ought to make up their minds which line of attack they are going to take. Suppose they cannot, then I think there

ought to be a choice of epithets in these matters. We cannot be both spoliators and endowers. We cannot enrich people and at the same time burglarise their property. It must be one or the other, and I would really like to know which it is. The hon. Member for Dulwich (Mr. Bonar Law) devoted the first part of his speech to repeating the charge that we were introducing the Budget with the view of penalising our political opponents. I think these are very serious charges to make. I say that any Government or any Minister who is capable of introducing a Bill for that purpose is not merely unfit for his position, but ought to be impeached. What is the charge? Let us examine it, because it is repeated not merely here, but outside. We are raising 13 millions of money by taxation. If we wanted to penalise, of course we would raise the whole 16 millions, as the hon. Member for Sheffield (Mr. Samuel Roberts) said we ought, by taxation. He said we ought not to take three millions from the Sinking Fund, and therefore the whole sum should be raised by taxation. There is no dispute about the sum we ought to raise for the purpose. How do we raise it?

Death Duties, Income Tax, Spirits, Tobacco

We raise it by Death Duties, by Income Tax, by whisky, by tobacco; we raise it from licences and we raise it from land. The sum we raise from licences and from land only comes to three millions out of the 13. Now let us take the 10 millions. Is it suggested that these are vindictive taxes? If so, why? Do not Liberals save money? Do they not pay their extra

2d. Income Tax upon their unearned increments? Have they not got to bear Death Duties? Do not Liberals smoke? Nine-tenths at least of my supporters in my Constituency take their share of the Tobacco Tax, and take it very kindly. Then you come to whisky, and here is another inconsistency. We are told we are vindictive, yet we are told we are hitting Scotland and Ireland harder than England. Scotland, at any rate, we have no grudge against, because Scotland has been faithful. Scotland is Liberal, but it is being taxed, and we do not tax it for vindictive purposes. I have no vindictive feeling against Ireland, because, however much hon. Members from Ireland dislike the Government, they hate the Opposition still more. You cannot have it both ways. Where does the vindictive tax come in? This is entirely a question of land, liquor and licences. That is the "vindictive Budget," six-sevenths of which is not vindictive; and it is purely this fraction that is alleged to be vindictive. Let me examine that proposition. Nobody doubts that we have to raise the money. I listened to the speech made by the hon. Member for Dulwich (Mr. Bonar Law), and not once did he challenge the fact that we have got to raise this money. I believe the hon. Member for Dulwich voted for old age pensions; in fact, he voted for extensions of old age pensions which would have involved an expenditure, not of £9,000,000, but of £12,000,000 or £13,000,000. The hon. Member wants still more, although he will not pay for what he has got.

Let me follow this charge of vindictiveness. Who is this vindictiveness said to be against? The great land-owners? If so, where? It is really a serious charge, and I should like to

see where there are any traces of vindictiveness against that great and powerful class, or any other class, in this Budget. The charge is that the great agricultural land-owners are the people against whom we have a vindictive feeling. This Debate has been conducted as if we were levying special Death Duties and a special Income Tax upon agricultural land. Agricultural land is not being subjected to this duty.

Income Tax

I do not say that the method of levying the present Income Tax is altogether fair to agricultural land, but that is not my responsibility. The Income Tax was imposed by a Conservative Chancellor of the Exchequer 50 or 60 years ago, and that same method has been adopted by subsequent Chancellors of the Exchequer. Let me put this point to the owners of agricultural land. The only relief they have ever had on Schedule A came from Sir William Harcourt, a Liberal Chancellor of the Exchequer. Let them bear that in mind. Again, the only promise they have had of further relief with regard to Schedule A came from another Liberal Chancellor of the Exchequer. Therefore, with regard to the Income Tax, we are doing nothing to disturb the present system beyond promising to disturb it to the extent of giving further relief to agricultural land under Schedule A. A deputation of land-owners came to me the other day on that particular Question, and I invited them to submit their accounts to me. When I asked them to submit to me accounts of 20 typical estates, they willingly did so. Therefore, we are examining the position of agricultural land not with a vindictive feeling, but with a real desire to do what is fair.

We feel that by the present system the best type of landlord is hit hard, and we are desirous of meeting him. Let us follow the arguments with regard to agricultural land. I should like the House, on this point, to look at the figures, because they are rather important. What are the burdens we are imposing upon agricultural land? I should like to ask the hon. Member for Preston to bear these points in mind, because yesterday he made certain random and wild charges without even attempting to support them by arguments. The hon. Member for Dulwich went through the form of attempting to prove his charges, but my hon. Friend the Member for Preston did not seem to think it was necessary to give a single fact in support of a charge of that kind.

Agricultural Land

Let me give to the House the figures with regard to agricultural land. The total Death Duties under this Bill will increase the burdens on agricultural land by £480,000 a year. The super-tax will increase the burdens of agricultural land by £120,000 a year, and the twopenny Income Tax will increase those burdens by £280,000 a year, so that the total increase in the burdens on agricultural land is £880,000 a year out of a total of £13,000,000. Now let me put the contra account. This money is being raised for the purpose of defraying a heavy charge in respect of old age pensions. We are also raising money for the purpose of spending a large sum on highways. It is well known that the rates have gone up, especially in the rural districts. I remember the right hon. Gentleman the Member for South Dublin (Mr. Walter Long) gave a case on this par-

ticular point in the Debate on the Address last year showing the enormous increase in the highway rate, especially in the country districts where the motors tear up the roads, causing the highway rate to go up.

We are raising £600,000 to improve the roads. All that involves great relief to agricultural land, and what is the amount of that relief? I have reckoned it up, and I am prepared to substantiate the figures. It is a moderate estimate to say that there will be a relief of at least fourpence in the pound on the rates on agricultural land. In addition to that, the pensions at present borne by the rural landowner are either being taken off altogether, or partly taken off, in consequence of the 5s. old age pension given by the State. Sometimes they reduce the pension by 2s. 6d. or 3s., and I think they are perfectly entitled to do so, and that means a relief of at least £120,000. Therefore, we are proposing a grant for the purpose of doing that class of work which is now very largely done by the great landowners themselves, and this will come to at least a quarter of a million a year. So that the burden we are relieving agriculture of by our Budget arrangements will come to very nearly £1,000,000 a year, and we are charging them £880,000 for it. In addition to that, I want the House to bear in mind that from the beginning I have recognised the case of the landowners with regard to Schedule A, and I promise to do my best with the means at my disposal to extend to them relief.

I think I am entitled to say, at any rate from these figures, not merely that there is no trace of the mean and contemptible spirit of revenge with which we are charged, but that we are dealing honestly with them.

Urban Land

Now I come to the question of urban land. Is the tax vindictive in this case? I cannot get an answer, and I assume that this tax is part of the penal provisions of the Budget. But why should they be? We are only putting a halfpenny in the pound upon that part of the value of the land which is in excess of its agricultural value. Is there a country in the world where the Land Value Tax is so low as that? Do hon. Members realise that this is a recommendation made by Royal Commission after Royal Commission, not, however, to put on a mere halfpenny tax, but to put on a heavy rate for local purposes on the basis of the capital value of the land?

Lord Balfour of Burleigh on Urban Land

There was a Commission presided over by Lord Balfour of Burleigh, who is a great landowner. When I quote Lord Balfour I am quoting a great authority, for he is fair to his own class and every other class. The Commission reported in favour of this tax on urban sites.

Housing Commission Support Land Taxes

Let us take another case. Here is a still more important Report—the Report of the Royal Commission on the Housing of the Working Classes, of which the then Prince of Wales, our present Sovereign, was a member. I am anxious to call the attention of the House to the terms of this Report:—

“In connection with any such general consideration of the law of rating, attention would have to be given to the following

facts. At present land available for building in the neighbourhood of our populous centres, though its capital value is very great, is probably producing a small yearly return until it is let for building. The owners of this land are rated, not in relation to the real value, but to the actual annual income. They can thus afford to keep their land out of the market, and to part with only small quantities so as to raise the price beyond the natural monopoly price which the land would command by its advantages of position. Meantime the general expenditure of the town on improvements is increasing the value of their property. If this land were rated at, say, 4 per cent. on its selling value, the owners would have a more direct incentive to part with it to those who are desirous of building, and a two-fold advantage would result to the community. First, all the valuable property would contribute to the rates, and thus the burden on the occupiers would be diminished by the increase in the rateable value. Secondly, the owners of the building land would be forced to offer their land for sale, and thus their competition with one another would bring down the price of building land and so diminish the tax in the shape of ground rent, or price paid for land which is now levied on urban enterprise by the adjacent landowners—a tax, be it remembered, which is no recompense for any industry or expenditure on their part, but is the natural result of the industry and activity of the townspeople themselves. Your Majesty's Commissioners would recommend that these matters should be included in legislation when the law of rating comes to be dealt with by Parliament."

It is suggested that at the present moment we are imposing this tax in order to punish a class, and that we have suddenly produced these confiscatory proposals in our Budget. These proposals were made 25 years ago by a Royal Commission. I have

another authority—a very considerable authority—who was a predecessor of mine in the office which I have the honour to hold.

Lord St. Aldwyn on the Question

I have another quotation to make, and it is from a speech of Lord St. Aldwyn. It is really so very appropriate to the present occasion that I invite the House to listen to it. He was discussing the Death Duties. It was an appeal to Sir William Harcourt: He said:—

"Let the right hon. Gentleman, if he thinks right, invent means of taxing the increased value of landed property in the neighbourhood of towns, and in an endeavour of that kind I will support the right hon. Gentleman as readily as anyone, because I think it would be fair."

Yet this is spoliation, robbery, and theft! Lord St. Aldwyn says if you will do this he will support it. Hon. Gentlemen opposite are always appealing to us to do something else. If Death Duties are proposed, then it is, Why not the land values? If land values, then Why not go to the Stock Exchange? Yet the moment we do it they say, "You bandits!" I will go on with this quotation:—

"I know there is a great deal of the value of land in towns which at present escape taxation of every sort, and I think if it is possible—I know it would be administratively very difficult—it would be desirable to remedy that injustice."

What the Tax Amounts to

Here am I to-day responding to that appeal. I found it buried here, and I said that is the tax for my money. I have appealed to a Royal Commission presided over by Lord Balfour of

Burleigh, to another Royal Commission—a very important one, of which Lord Goschen and Lord Cross were members, while there were also Bishops on it, great dignitaries of the Church whom no one would associate with piratical enterprise. It has taken 25 years to come up, not to the scale of the Royal Commission, but to something which approached it timidly. Yet the moment we do this we are accused of being Georgites. I recommend hon. Gentlemen, before attacking Henry George, to read one of his books. The idea of calling Henry George a Socialist! There is no tax which we propose that Henry George would have approved of. We are told that this halfpenny tax is going to drive land away to America. What is the position with regard to land? It has been put very clearly in the passage from the Royal Commission Report. You get land which is worth so much at one moment, say £30 per acre, and a new industry springs up upon it, or perhaps coal is discovered, all without any effort on the part of the land-owner, and that land at once becomes worth £300 per acre. All these figures are very considerably exaggerated. People are in the habit of taking a piece of land and saying that that was sold for £1,000, and that therefore all the land around it is of equal value. That is absurd and preposterous. No valuer would ever dream of valuing land in that way. It is, I admit, very largely a lottery if a man gets a big price, but the valuer looks at the whole of the land and takes it at a certain number of years purchase, and works it out accordingly; he depreciates the value with a view to paying for deferred realisation. Therefore I suggest £300. This figure is rather a higher figure than I am ad-

vised would be assessed upon land even in the neighbourhood of London. I am taking it purposely at a high figure. They say you spend money upon developing it. Let me take it that £100 per acre is spent in that way. Land valuers tell me it costs about £100 per acre to lay down drains and make roads, etc. If it takes a great deal more I can only tell hon. Members that they are strengthening my argument. I will take any figure they like. I will put it at £150 if they choose, but I am willing to fix it at £100, although it is against myself. That means that over and above the agricultural value there will be £270, minus £100, and a halfpenny tax on £170. What does it represent? It represents 7s. per acre, and that is the tax which we are told is going to ruin the landowners of this country. Is it not preposterous to exaggerate in that way, and thus to talk about a small tax of 7s. per acre in respect of land which has risen in value from £30 to £300 through the industry and enterprise of others?

Minerals

Then I come to minerals. What is our proposition in regard to them? I take first, and I hope I am not wearying the House, our proposition with regard to worked minerals. I had the advantage during the short Recess of paying a visit to one of the greatest coalfields in this country, and I did it under the auspices of a gentleman who hates every tax that I have proposed in this Bill. He will, therefore, be by no means prejudiced in my favour, but there is no man I know of who is better acquainted with the question of royalties. I am referring to Sir William Thomas Lewis, who represents one of the greatest royalty owners in the king-

dom, and who runs about half a dozen coal mines. During my visit I saw a monthly sheet of the expenses of a colliery, giving the wages of the miners. Please remember I am talking of miners merely. I am not including the surface men. I am referring to those who hew and cut coal. Their wages came out at 3s. 10d. per ton. But next came the item for wayleaves and royalties. You have not merely to pay your royalties—you have also to pay something for every ton of coal passing land underground beyond your own to the bottom of your shaft. You have to pay for that 1d. per ton. The royalties and wayleaves amount to 1s. 2d. per ton, as against 3s. 10d. for the miners' wages. What is our proposition? For 1s. 2d. per ton the miner would have to work two hours extra per day in order to pay the royalties and wayleaves on coal. The Coal Consumers' League—a rather shabby body—has been touring the country and suggesting, not that you should relieve the miner of this extra duty, which is of an arduous and perilous nature—and I would venture to mention that in the very next colliery to the one I visited there was an explosion not so long ago which resulted in 300 deaths, and this shows what a terrible occupation it is—the Coal Consumers' League has never a word to say about a charge which would involve two hours' extra labour on the miners, and they have never condemned it.

Following Other Countries

What do I propose? Here is a fund to provide for those who survive, and to provide for sickness and for widows and orphans. All I ask is that out of the 1s. 2d. they should spare $\frac{1}{2}$ d., and yet, in view of

this, we are told that this is a vindictive and oppressive proposal! I really appeal to the sense of fair-play on the part of hon. Members opposite. Is a tax of that description unfair? I venture to say that they will admit that it is fair. I say it is a perfectly fair tax. It has been exaggerated in its amount and its results. It is a tax which is imposed in other countries, and there is no reason why it should not be imposed in this country. But I admit that although it is a small tax it is a growing tax. As we are providing for growing social needs, is it unfair to ask those gentlemen who are making money out of the community, out of the aggregation, out of the enterprise and industry of the community—is it unfair to ask them for a fair return in respect of the fruit of that industry? I say it is a perfectly fair proposition, and with regard to the Increment Tax, as I have pointed out repeatedly, it is the alternative which is put forward by the Conservative party in other countries, where proposals are made of a much heavier tax. Here we have to raise £13,000,000 of money for public purposes which are not challenged. Hon. Members opposite scoff as if that were not a contribution that was due from the critics of the Budget, but let them take the criticism of the Budget in France and Germany; it is a criticism which is always backed up by the suggestion of an alternative, and all those who have attacked the Budgets there have said, "This is the way in which you ought to raise the money." Why not here also?

No Fairer Taxes

I have had endless suggestions from outside, but not from hon. Members opposite, but I have never seen a good workable suggestion

which would have worked more fairly and which would have yielded better, with less oppression to the community, than the taxes which we suggest now. Every Chancellor of the Exchequer has all sorts of suggestions that come to him, mainly of a penal character, such as for taxing cats—a very ancient suggestion—and occasionally, in a female handwriting, for taxing bachelors; but, after all, taxation is a burden wherever you impose it, and it produces the same effect here as it does in every other country—a desire on the part of the party on whom the tax is imposed to shift it to other shoulders. It is always the case.

The only deputation I have had in favour of a tax was a deputation from the hackney cab drivers imploring me to stick a tax on petrol. But surely in the main what I have mentioned is the inevitable result of a tax, and I have no doubt that every Chancellor of the Exchequer appears a very brutal and oppressive person to whoever has to pay the tax. It is the unfortunate position in which the Chancellor of the Exchequer is placed, but he has got to raise the money somewhere, and I have not yet heard any suggestion of a better method, and I have had no criticism of the objects of the tax. It is for that reason we are raising this money.

CHAPTER IV

THE PEOPLE'S BUDGET DEFENDED AND AMENDED IN DETAIL.*

INCREMENT VALUE DUTY†

EXEMPTION OF AGRICULTURAL LAND.

(13 July)

With regard to agricultural land, I think there is agreement amongst all sections of the House as to the desirability of excluding it from the operation of all these taxes. It is very difficult to draw the line between purely agricultural land, and land which has got a special value owing to its proximity to towns. That has already been done, it is true, in the Finance Act of 1894. In that year it was a question of dividing the land of the country roughly into agricultural land, and land which had some special value. The right hon. Gentleman the Leader of the Opposition (Mr. Balfour) secured for agricultural land the limitation of the value to an amount not exceeding 25 years' purchase, leaving the other land at its market value. There is a difference between the valuation in the case of building land and other land. Building land is treated as having a special value. These are the words for

which I am assured the right hon. Gentleman is responsible:—

“Provided that in the case of any agricultural property where no part of the principal value is due to the expectation of increased income upon that property . . .”

these latter words are the definition there of building land—

“the principal value shall not exceed twenty-five times the annual value.”

There is the distinction drawn between land which has this special value and land of a purely agricultural character. In practice that has been taken to mean that the building value is to be valued at its market value. What happens in practice is that whenever an estate is submitted to the Commissioners there is a map of the estate submitted, and the land which has got a special value is coloured, say, red, and the other is coloured, say, green or yellow; then a special value is placed upon the parts so marked out.

Analogous Procedure Wanted

What I want is something analogous to that procedure that has worked well. Agricultural landowners have not urged any complaint as to it, and I do not think it can be said any really agricultural land has ever been

* From speeches made during the passage of the Finance Bill through the Committee and the Report stages in the House of Commons.

† A duty of 20 per cent. levied on the increment value of land, *i.e.* on the amount (if any) by which the site value of the land, on the occasion on which the duty becomes due, exceeds the original site value.

charged the building price; I never heard that once alleged against the working of the Finance Act of 1894. I have been devoting such time as I could to finding out whether I could suggest a formula which would make it absolutely clear that purely agricultural land in the sense of the Finance Act of 1894—the sort of land which is exempted there, and gets special privileges under that Act—should also get the same privileges under this Act.

Procedure Suggested

What will be the way to do it? I think the way is to divide the land of the country roughly into land which is agricultural and land which has a special value of the kind I have indicated, either for industrial or for building purposes. I am taking the analogy of the Act of 1894, which has worked very well for a good many years, and I think on the whole it might be adopted. I will put down words—I do not wish to be tied to the exact words—which will have to be moved as a new clause; they could not be included in the present clause. The words I suggest at present are:—

“Increment Value Duty shall not be charged in respect of agricultural land while that land has for other purposes no higher value than its value for agricultural purposes.”¹

May I again call attention to the words which I have just quoted from the Finance Act of 1894? The words I now suggest are substantially the same words which have worked so well there, and have effectively protected agricultural land. They are even stronger, and will completely exonerate agricultural land from any fear of

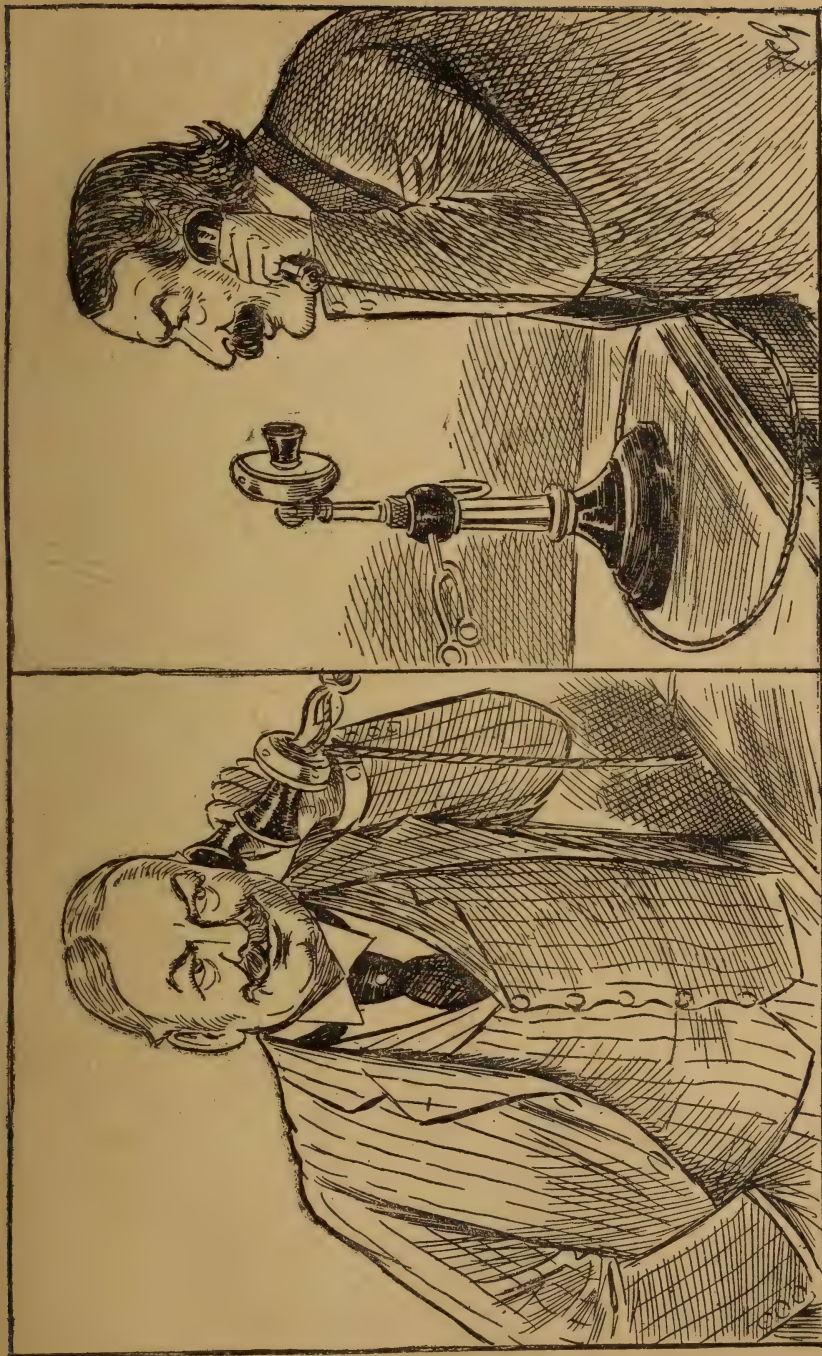
having to participate in any of these taxes. Of course, the moment agricultural land passes from one category to the other, from agricultural land to building land, the tax will apply. I have never heard anyone contend that, if you are to have an Increment Tax, that should not be the case. In a country like ours you may have land which to-day is purely agricultural and in five or ten years may be exceedingly valuable as building land; and in cases of that kind, when it passes from one category to the other, it will be liable to this tax. I may say, moreover, that this proposal will enormously smooth the difficulties of agricultural land with regard to valuation. All that owners of agricultural land will have to do will be exactly what they do in the case of Death Duties—that is, to supply particulars. The land will not be liable to any tax; it would only be liable in the case of a town springing up in the neighbourhood, and the land suddenly becoming very valuable as building land. Therefore it will be necessary to have a complete register of agricultural land.

Small Holdings

Then with regard to small holdings, their case has been pressed upon me from all quarters of the House. I think it will probably be advisable to follow the example of the Colonies, where small holders have been exempted, very largely on the grounds of the expense and trouble of collection, and also on the ground that it is desirable rather to encourage than discourage these small holders. Therefore, the Government propose to put down another Amendment, which will exempt from all these taxes the small holder in cases where the holder is the occupying owner, and where his total

¹ These words were slightly modified and amplified on Report in order still further to safeguard agricultural land.

THE EX-CHANCELLOR AND THE CHANCELLOR.



EX-CHANCELLOR PRINCE BÜLOW: "I'VE HAD ENOUGH OF FINANCE! I'M OFF!"

EX-CHANCELLOR PRINCE BÜLOW: "GOOD-BYE—A HAPPY SUMMER TO YOU!"

MR. LLOYD GEORGE: "I'M HAVING QUITE ENOUGH OF FINANCE, BUT I'M STICKING ON!"

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holding does not exceed a given amount. That is the case in the Colonies. In addition to that, it will probably be necessary, where there is a house, to have another test than capital value, and to convert that capital value into terms of annual value, so that the occupying owner may know from his rateable value or his assessment for Inhabited House Duty exactly where he is, without having to find out whether his house is worth £500 or £550. That will save a good deal of expense and trouble.

REVERSION DUTY¹

DEFENCE OF: ESPECIALLY FROM THE CHARGE THAT IT INTERFERES WITH EXISTING CONTRACTS.

(20 July)

It is the vice of every exemption that it is very difficult to discriminate. I do not care what the exemption may be. It is very much better to have a hard-and-fast line and no exemptions of any sort or kind, because exemptions are apt to be illogical. You have to draw an arbitrary line somewhere or other. If you exempt a man with a twenty-nine years' lease, why should you refuse to exempt a man with thirty-one years? I agree there is no difference between the two, but you have to draw a hard-and-fast line at some point.

Exemptions

Take the case of the Income Tax. There is no reason why a man with an income of £161 should pay Income Tax and a man with an income of

¹ A duty of 10 per cent. levied on the value of the benefit accruing to a lessor at the termination of a lease of land.

£160 should be let off. Wherever you adopt these exemptions, it is very difficult to justify the particular line which you draw. All you can do is to look at all the circumstances, and say that in the main the particular line drawn by the Government is a fair one, and that is all I contend in this particular case. The Noble Lord (Lord Ronaldshay) objects to our not extending these exemptions to cases of all reversions purchased before the 30th April, 1909, on the ground that we are interfering with existing contracts. This has absolutely nothing to do with contracts. The Prime Minister's pledge with regard to existing contracts was a totally different circumstance. It related to the shifting of the burden of the rates from the lessee to the lessor. That, of course, would have interfered with existing contracts. The proposal of those who want to tax ground rents is that the whole burden of the rates should be cast upon the owner of the site. If you do that during the continuance of the contract you certainly interfere with it. A burden at least equivalent to one-third of the total value would be shifted from the shoulders of the tenants on to the shoulders of the landlords, and if you do that it is an interference with and a breach of contract, but no circumstances of that kind arise here, and therefore the pledge of the Prime Minister with regard to existing contracts has no relevance at all to the consideration which the Noble Lord pressed upon me.

Reasons for Choice of Thirty Years

We have in this case chosen 30 years as in the main representing the time that the reversion becomes very valuable. I do not believe it has any value before 30 years. At any rate, in the

vast majority of cases reversions have not a very considerable value up to that time. They are highly speculative; no one knows what may happen in 30 years. It is only when they get near the end of the lease that people can foresee the general drift of things in the neighbourhood, and that they begin really to regard them, not merely as a speculation with a great element of risk, but, from a purely business point of view, as a very desirable investment. We have for that reason chosen 30 years rather than any other period.

Enterprise recognised

What is the position? Take the ground landlord, who gets a great boon which is not due to any exertion of his own at all. Buildings and improvements worth thousands of pounds are put upon the site, and at the end of 60 years he enters into possession of all that great property—property towards the building up of which he has contributed nothing. We do not say that that is an injustice. All we say is that when we are looking out for fresh subjects of taxation we say that it is on the whole fair that he should contribute, and contribute to the extent of 10 per cent. If you go to a man who works hard and say, "You have to pay 5 per cent. upon your income, which is something due to the effort of your own nerve, your strength, and your soul, working for a whole year, and you have to give 5 per cent. of that to the State, and in the case of a super-tax more," is it really too much to go to the landlord, who gets all his benefit without any brains, effort, or muscle on his side, and to say to him, "You have to give 10 per cent." ? That is the explanation of this tax. The right

hon. Gentleman (Mr. Balfour) says: "That may be all right, but how do you account for exceptions?" We defend exceptions by saying that they are to meet cases which are not on the same basis as the case of the man who walks into property which he has done nothing to build up. It is different when a man invests hard cash and spends money on his property. The hon. Member for Windsor has shown that in some cases perhaps 30 years is rather too strict a line. It is not a question of principle between 30 or 40 years. The question is whether you should make these exceptions; whether by making these exceptions you are getting rid of the whole principle of your tax. I say not. I say that they are on a totally different footing. We say that in order to start a new tax we want to do everything in our power to make it impossible that there should be hardship in individual cases, and I think we are doing so by making exceptions of this kind.¹

DUTY ON UNDEVELOPED LAND²

THE HALFPENNY TAX.

(9 August)

The point made by the right hon. Gentleman (Mr. Austen Chamberlain) was that there might be cases in which the halfpenny tax might amount to 20s. in the pound of the actual income. I can conceive cases where no income is derived at all, but where at the same time the halfpenny tax will

¹ It was finally decided to extend the exemption for reversions purchased prior to 30th April, 1909, to leases determining within 40 years of date of purchase.

² An annual duty of a halfpenny in the pound levied on the site value of undeveloped land.

fall. But my view is that that is absolutely temporary, and as far as it goes it is an inducement to make that temporary state a short one. There may be cases, as I say, where there may be no income, but I hardly think I said that in certain cases the tax would amount to 10s. in the £. It may amount to more, but taking the vast majority of these cases I do not think it will amount to anything like 10s. in the £.

Tendency to Over-estimate Amount of Valuation

There is a general tendency to over-estimate the amount of the valuation. This is the fundamental error in all these calculations. Because a certain plot of land has sold for £500 or £1,000 an acre it is assumed that the valuation will be £500 or £1,000 an acre for all the land in that neighbourhood. I do not think it would be, and I am certain that that would not be the valuation at all. For these reasons I think an exaggerated view has been taken as to the amount of the valuation. If that were the real basis, then the amount of this tax would be a very considerable one, but I have never taken that view. If the fears of the Opposition are justified, then the estimate of the Government is an exceedingly low one, and much too low. I do not say that £175,000 represents anything like the normal amount to be derived from this tax, because I think there will be a considerable increase, but it will not be such a large increase as that anticipated by hon. Members opposite who have talked about 10s. and 20s. in the £. The value will have to be very considerable indeed to go beyond 8s. First of all you have to deduct the agricultural value before

you come to the taxable subject matter. I have observed very few hon. Gentlemen when they are computing the actual amount, ever take account of that provision. In some cases accommodation value is very high, £4, £5, £10 per acre, and I have even heard of a case of £20 per acre. That was a market garden. A lawyer told me the other day he was engaged in a case where a market gardener was charged £20 per acre. All that would be deducted before you came to the margin taxable under this section. There is, therefore, a good deal of exaggeration in the amount which will be charged.

Amendment to Safeguard Developers of Land

I now move the Amendment which stands in my name as follows, to insert after sub-section (a)

"and (b). Where the owner of any land shows that he or his predecessors in title have spent sums at the rate of at least one hundred pounds per acre for the purpose of so developing the land, that land shall, for the purposes of this section, not be treated as undeveloped land, although it is not for the time being built upon or used for any business, trade, or industry other than agriculture."

I may say that I rather think that the Amendment is too wide, and might lead to the conclusion that expenditure at any time on land, even within 50 or 60 years, for the purpose of developing it, although nothing has happened subsequently in the way of development, might exempt the land altogether from the halfpenny tax. Therefore, I intend to propose a modification in the Amendment which I shall indicate later on.

Reasons for Moving Amendment

I will now explain to the Committee what prompted the Government to move the Amendment. A deputation came to me from the building trade and pointed out that considerable sums of money were being spent, and have been spent, upon preparing the land for building. The land by that process has been rendered unfit for any other purpose. Kerbs, roads, and drains have been made, and the land has been cut up so that it could not be used for market gardening or other purposes of a similar kind. Therefore, to that extent, the land was in process of being developed, and the builders claimed that at any rate they were not holding up the land, but on the contrary they were doing their very best to develop it as rapidly as they could. Under those conditions they suggested that it would be rather unfair to charge them the halfpenny tax on undeveloped land. I admitted the strength of that representation, and the Government decided either to accept an Amendment which appeared on the Paper or to put down an Amendment of their own.

Exemption Conceded

I have accordingly put down the Amendment which stands in my name. I find that £100 per acre is the very minimum which has been spent for the purpose of kerbing, draining, and laying out roads. As a matter of fact I believe the lowest figure in London is £150 an acre, and £100 covers not only London, but provincial towns where labour is cheapest. The Government are anxious, however, to confine the concession purely to development for building purposes, and I think the words of the section which I now move will have that effect. But we

propose to add at the end, to prevent a section of this kind exempting land for all time from the Undeveloped Land Tax, words providing that the purpose of the expenditure should be confined to a period of ten years. The exact words I add are these :

"But for the purpose of this provision no sum shall be taken into account after ten years have elapsed since the time when the sums were spent."

It is quite conceivable that unless there is some limit of time, expenditure on land for building purposes might count for 30 or 40 years, although as a matter of fact the land was really being held up and no real development had taken place.

MINERAL RIGHTS DUTY¹

(28 September.)

This duty falls, in the first place, on a very small class. I am very glad that for some years to come it is to be confined to the very class we want to reach. It will be time to consider then how to deal with mining royalty owners if they propose to pass the tax on to someone else. That is the problem which was met first of all in connection with Schedule A of the Income Tax. There was a proposal that taxation should be put upon rents, and no doubt it was said that a tax on rents was a tax upon the agricultural industry. Then a clause was inserted in the great Act of 1892 providing that

¹ This is an annual duty of 1s. in the £ on the rental value of all rights to work minerals and of all mineral wayleaves ; it was substituted for the duty originally proposed of 3d. in the £ on unworked minerals.

the tax should not be passed from the man who received the rent on to the man who paid it, and, so far as I know, during the 60 or 70 years that it has been in operation, it has not been passed on, and if it had been the Chancellor of the Exchequer might have found a way of confining it to the people on whom it was first imposed. The hon. and learned Gentleman said it was a tax upon capital and a tax upon food. I was glad to find he did not mean, in demonstrating that extraordinary proposition, that coal was an article of food. He said, however, that it was an article of fuel, and therefore that the tax falls on food. But why should it be a tax on food? Is any tax on rents a tax on food? Why should a tax on mining royalties be a tax on food and a tax on rent not be a tax on food?

Why should a Small Tax on Large Royalties be a Burden on Industry when the Royalties themselves are Not?

I take note of one very remarkable admission by the hon. Gentleman (Sir John Randles). He said this tax imposes a very severe and crushing burden on industry, and that a shilling in the £ on royalties is just the sort of burden that is going to handicap us in competing with the foreigner. But what about 20 times that charge? I think the hon. Gentleman worked out a sum the other night. He said that in the case of steel the tax may amount to 6d. per ton. Has it ever occurred to him that a royalty means 20 times 6d. per ton? He says this will amount to 6d. per ton. He is himself responsible for the way he worked it out. He ought to explain that that is only a twentieth of what the landlord charges.

Sixpence to the State for old age pensions, for insurance against sickness and invalidity, and for naval defence—and that is going to interfere with trade. Ten shillings for the landlord—that is not going to interfere with trade.

England is the Only Country in the World not Deriving Revenue from Mines

This is the only civilised country in the world not deriving great revenue from its mines, and even some uncivilised countries are able to derive something from their mineral properties. Most of them are deriving something out of their minerals. Now, is it unfair and unjust that in this country we should put on this tax of 5 per cent.? In most countries the coal and other minerals belong entirely to the State, and the State derives great revenue from them. Somehow we have been deprived of this great national revenue. It is a fair source of revenue, and I cannot imagine anyone contending that when the State really is in need of money, a shilling in the pound is too much to ask in respect of these properties. For that reason I say that the Government have come to the right conclusion when they put a charge of 5 per cent. on the royalties of this Kingdom. To put this in the same category as a tax on coal is absurd. A shilling tax on coal would produce £2,000,000. This tax is estimated to produce £350,000. A tax on coal is a tax on the product itself; this tax is purely on the royalties which are paid to owners for permission to take the product. It is in a totally different category, and, therefore, I say we are perfectly justified in imposing this tax.

(29 September.)

Complicated Nature of Mineral Rights

The right hon. Gentleman (Mr. Balfour) was not here when I explained the general summary of my view of what this Clause really means. I agree it is very complicated, but any clause dealing with mineral rights must necessarily be complicated. This is how it is proposed to work. In the case of a sale, it would be quite easy to charge on the capital amount of increment, but, in the case of a lease, it will be almost impossible. In the case of lease with a royalty of sixpence per ton, and a dead rent of £2,000, no one can say at the time the lease is signed with any approach to accuracy what that really represents, because the amount depends exactly upon the yield of coal, and you cannot tell what the yield will be. There is, therefore, a difficulty in arriving at the increment on which you ought to impose the tax at the date the lease is signed. The Government consequently propose an Increment Duty in the shape of an annual tax. I will take the figure of £12,500, which is the very figure given by the hon. and learned gentleman. We first of all value all the minerals in England. It does not matter from the State point of view what the valuation is, because there is no charge of a $\frac{1}{2}$ d. in the £ upon it. We invite the owner to declare whether he has got minerals, and what value he places upon them.

Manner of Calculation

Let us assume he values them at £12,500. We divide that by $12\frac{1}{2}$, because that is the number of years purchase which you place upon a

mining property. I am advised that $12\frac{1}{2}$ years is the average. Therefore, a mining property of £12,500 capital value is worth £1,000 a year. You reduce your £12,500 to an annual value of £1,000. Let us assume that the owner of that mineral property leases it. There is a royalty of 6d. per ton and a dead rent of £2,000. The first year he only gets his £2,000. The royalties do not come up to £2,000, and he therefore simply draws his dead rent. The Increment Duty will be calculated in this way. You take £1,000 from £2,000, and that represents the annual increment for that year, and you charge 20 per cent. upon it. The Government will take duty of one-fifth on the £1,000. Next year the royalties run up to £3,000. You still deduct the £1,000, your original equivalent of site value, and for the second year you have an increment of £2,000, and you take a fifth on that. If the royalties go up to £10,000 you still deduct the £1,000, and there is £9,000 on which you take a fifth. If the minerals peter out there is an end of the colliery and of the increment. Supposing the increment were in any year to fall below £1,000 there would be no Increment Duty. We are charging the Increment Duty year by year on the difference between the annual increment site value and the mineral rents of that particular year. We charge one-fifth upon the difference between the annual equivalent of the original site value and the rents and royalties. On that we charge 20 per cent., and that is the proposition which we are substituting for the valuation of the increment at the date of the lease. But suppose the owner sells his mineral property for £15,000. There will be an increment of £2,500. The

original value was £12,500; the property is sold for £15,000. We take the increment on the difference. I hope I have made the point clear.

Figure of Assessment nearer a Minimum than an Average

This figure of 12½ years' purchase on which the annual equivalent value of a mine is based is really not an average. It is much nearer a minimum than an average. There are many parts of the country where 20 years and even a larger number of years' purchase of the mineral profits would be the rule. I would not like to say what the minimum would be, but I am perfectly certain you would get a higher figure throughout the country than 12½ years' purchase. I should be very much astonished to hear of any case where you could get less than 12½ years' purchase for mineral property. This is for the advantage of the taxpayers, because it puts the basis of the figure much higher than it otherwise would be, and I am perfectly certain that, so far from being an injustice to the owner, we have on the whole really taken the lowest possible figure rather than an average.

Of course, we cannot tell, but they may discover very valuable coalfields where we know nothing about them now. Undoubtedly in the last few years there have been some very remarkable discoveries.

Case of Dudley Collieries

Then there is the case of the Dudley Collieries, where, although the expert advice was that there was no coal at all, the owner insisted on making investigations, and he found a most valuable coalfield. And what may actually happen is that coalfields will be found in places where they are not

suspected now. Until there is better evidence I cannot accept the theory of my hon. Friend that 2 per cent. represents the actual mines leased at the present moment; and we do not know the amount of the coal not yet discovered, let alone leased.

Case of Welsh Coalfields

Take the coalfields in Wales. There is a great deal of coal there which is difficult to get at, and it cannot be worked at the present moment until the present mines are exhausted, because it would not pay working, and it will not pay until the coal becomes much more expensive than it is, as I have no doubt it will the moment all these mines are exhausted. The steam coal now being worked brings a cheaper price compared with what it would bring once you get from the leased end of the valley to the other end of the valley, which must then be worked, and at that moment we shall be deriving our 20 per cent. at the other end of the valley. I do not know when, but no doubt some future Chancellor of the Exchequer will bless the work which we are doing to-night, and derive considerable revenue from it.

VALUATION FOR PURPOSES OF DUTIES ON LAND VALUES¹

(17 August.)

We have to consider the question of valuation from the point of view of the taxes we have already passed. Is a valuation required for the purpose of these taxes in all cases or not? I submit that it is, and that

¹ A valuation of all land as on the 30th April, 1909, showing separately its total and site values, and in the case of agricultural land its value for agricultural purposes where that value is different from the site value.

it will be quite impossible for any Government having received instructions from the House of Commons to impose these taxes to face the difficult duty of collecting them without getting a complete valuation. The Noble Lord (Lord R. Cecil) admits that in cases of urban sites you must get your valuation. What Lord R. Cecil suggests in the first instance is that you ought to exempt agricultural land, and that in the second place you ought to exempt the small holder.

Why the Small Holder should not be Exempt from Valuation

It is quite impossible to exempt the small holder from valuation, because at some future moment his land might come into the hands of a man who is not a small owner. In the second place, the Noble Lord thinks that charitable trusts ought to be exempted.

The Case of Statutory Companies

His third point was that we do as a matter of fact exempt statutory companies. It is quite clear that land held by statutory companies forms a very small proportion of the land in this country, and, therefore, it is comparatively speaking a small portion at any rate when you begin to compare it with agricultural land. What do we do in their case? We substitute a new kind of valuation simply because these statutory companies have not complete freedom in their disposition of their land, and, therefore, you are bound to take that into account. For that reason we have substituted a totally different basis as long as the land is in their possession. But they are not exempt from valuation. We simply substitute a different basis of valuation, and I think that is fair. I do not want to discuss that until we

come to the new proposal. I am simply dealing with the fact that they are not exempt from valuation. A value in respect of their land will have to be placed on the register, and it will have to be ascertained. There will be original site value, but you ascertain it on different principles, because the land is governed on different principles under Acts passed by this House.

Charitable Trusts

I now come to the case of charitable trusts. Charitable trusts are not exempt from valuation. The Bill, it is true, provides that charitable trusts are not to be charged duty while the land is occupied and used for those purposes; but it goes on to say that "nothing in this Section shall prevent the collection of Increment Value Duty where any such land is sold or ceases to be occupied or used for the said purposes."

The Noble Lord has to prove that a valuation is not necessary, and in order to prove that a valuation is not necessary, he must also prove that under no conditions will Increment Duty be collected on the basis of original site value. What happens in this case? If these charitable trusts sell any part of their land, they are liable for the duty. How are you going to ascertain the Increment Duty unless first of all you get the original site value of that property?

The Case of Agricultural Land

I come now to agricultural land. Every piece of agricultural land today may ten years hence be the most valuable building land. Take, if you like, East Ham. Twenty years ago that was agricultural land. There are

towns in England which were not on the map 100 years ago; and you constantly find land which is purely agricultural at one period every few years completely changed. Take the land along the Great Central Railway. Until the Great Central line ran there it was purely agricultural land, which was very largely a drug in the market; but now it has grown in value to £200, £300, £500, and £1,000 an acre, and I have been given one case of £2,000 an acre. You would not have had £50 an acre given for it until the Great Central Railway was constructed. How are you to discover what land is going to become good building land in the course of the next 10 or 15 years?

Difference Between Agricultural Land and that held by a Statutory Company

The statutory company is a totally different case. It is the case where they can produce title deeds showing they paid three times the value of the land, and that is taken as the original site value. How can you do that in regard to agricultural land unless there is a valuation? How are you to give title deeds? In many cases you cannot get title deeds. They may go back before the flood. You cannot trace them. The Noble Lord says, "Why do not you set up some sort of artificial standard?"

Disadvantages of an Artificial Standard

An artificial standard is not fair to anyone. The standard of the statutory company is a real standard. It represents money which they have actually paid, and it would be unfair to get any other standard. But you have agricultural land worth £100 an

acre or worth £150 an acre which is really agricultural land. If you take a £50 standard when the real value is £150 that would be unfair to the owner. Take land, on the other hand, where the agricultural value is not worth £5 an acre. I know a whole village built on land which for agricultural purposes was not worth £5 an acre. It was more or less rotten swamp. If you are going to credit the owner with a £50 value, that is unfair to the State; and you are unjust to the State in one case and unjust at the expense of the land-owner in another case. It is not fair to anyone. It is said we should not ascertain the real value. What is the unfairness of it? Suppose the land increases in value; suppose it is only worth £20 an acre, and you sell it for £100, what is unfair in taking the real value? Why should you make your increment an artificial one of £50? Suppose the land is worth £100 an acre for artificial purposes and you sell it at £110, why should you say to the owner, "You must pay on an increment from £50, because we have taken a purely artificial line?" If you take the real line of value nobody is injured. You are trying to arrive at the facts of the case. For that reason I think the Government are doing what is fair to the owners, what is fair to the State, what is fair to everybody all round, by taking what is the real value of the land, and not some artificial estimate.

RELIEF OF LOCAL RATES FROM LAND TAXES

23 June.

I distinctly stated in my Budget speech that it was the intention of the

Government to allocate a portion of the money which they hope to raise by the new taxes to the relief of local taxation in some shape or other. I gave a definite and specific promise. I admit that I would rather have deferred dealing with the matter until it was possible to take the whole relation of local and Imperial taxation into account. There are several methods of dealing with the Question. One of the worst is the giving of grants in aid. I do not put this proposal to allocate a specific tax in the same category as grants in aid. I think one of the best methods is rather to share in the burden of special services.

Effect of Education Act of 1902

The Education Act of 1902 increased enormously the burden of localities, for better or worse, and two or three Acts of Parliament have been passed since then which have added to that burden. Therefore, I feel bound, in reviewing this question, to consider the financial responsibilities with which we are confronted. I stated in my Budget speech that in estimating these liabilities and making provision for them I intended that local taxation should have a part and share of the surplus which I hope to build up by means of these taxes. But it has been urged upon us that, at any rate, the Government ought to give a more definite and substantial pledge and token of their intention, and that more especially with regard to those taxes in which localities have a special interest, and that that interest ought to be indicated by some words in this Finance Bill. I am prepared to recognise that view, and I stated yesterday that, in my judgment, the half of these taxes should be allocated for local purposes.

Should Localities have a Share?

I will deal first of all with the questions which have been raised in the course of this Debate as to whether, first of all, localities ought to have any share at all, and, secondly, whether they ought to have the whole of these taxes. With regard to the question whether they have any interest at all, I should not have thought that there was any doubt at all about that matter in the mind of anyone who has followed the history of this question during the last 30 or 40 years. Values are very often created owing to expenditure by local authorities on improvements, often enormous expenditure. I know many cases where enormous sums of money have been spent by local authorities in improving localities, and where the increased value was directly attributable to that expenditure. You cannot attribute the whole of the increment in any of these cases either to the municipality or to local enterprise entirely.

Local Authorities have no Claims to a Monopoly of Land Taxation

That is where I come to my second point that I do not think the local authorities have any claim to a monopoly of land taxation. The Imperial Exchequer, if it is in need of money, has as good a right to resort to land taxation as it has to taxation in any other shape or form. One of the hon. Members, who spoke in this debate, claimed that the Increment Tax ought to be allocated entirely and exclusively to the local funds of the district. I do not think that that would be fair. Take the case of a great city like Liverpool or Manchester, or take London. A very considerable proportion of the increased value of land in

the neighbourhood of these towns was created by these towns, and not created by the districts where the land goes up in value.

Case of Manchester

There are districts outside Manchester covered with villas. Who sent up that value? It is not the district itself, or those who were dwelling in it, at any rate before the increase took place. It was the energy, the enterprise, the commerce, and the trade of Manchester. What happens if you confine the increment to the district in which it takes place? Manchester has certainly an interest in the districts surrounding it; it spent millions of money on the Ship Canal, and poured out its population and wealth to improve the district outside; and it would not get a penny of the increment in these places. Surely the population of Manchester, especially the poorer population of Manchester, who contributed to create the wealth outside, ought to have the same claim at any rate as those dwelling in the place who had nothing to do with the growth in value of the lands. They pay the very heavy rates, while the rates on the other people outside are comparatively low, because there is no poverty. The population is not of that character that creates that kind of burden, and under that proposal they would enjoy the whole of the increment.

No Monopoly of Increased Wealth created by Prosperity

But I go beyond that, and I say that taking values of this kind I do not think that the people of Manchester, or of any area outside, ought to have a monopoly of the increased wealth

created by that prosperity. It has sometimes been said about agricultural land being exempt to a certain point, that therefore rural land has no interest at all. Everyone knows perfectly well who lives in a rural area—it may be 50 or 100 miles removed from, say, great collieries or a great town—how these affect agricultural values. Wages go up, and to that extent it is undoubtedly prejudicial. Not alone that; there is the difficulty of getting labour. And I lay down this with regard to individuals, that the better favoured and more prosperous and more fortunate members of the community ought to be prepared to share their lives with the less favoured. And what applies to individuals applies equally to localities.

Case of South Wales

Here is great wealth, possibly, say, in South Wales, out of the coalfields; you tax that. That is not wealth created by the community. It is placed there by Providence for the benefit of the country. I say that the nation as a whole, the people as a whole, have an interest in that. It is part of our national wealth, and those who gar-rison the outlying districts of the country, the less attractive parts, it may be, of the country, and the more inclement and rough and rude parts of the country—those who dwell in those districts are entitled to whatever advantage there is to be got from these exceptional circumstances which belong to certain localities.

Special Sources of Wealth should not be Confined to Special Districts

For that reason I, for my part, could not assent to the proposition that these special sources of wealth ought to be confined in their advantages entirely to

the districts where they get them. I have only laid that down as a general proposition. The first thing I would say would be that I think the localities—I do not mean the particular areas where the wealth is created, but I mean the municipalities, urban as well as rural—are entitled to a share of this taxation; but they are not in my judgment entitled to the whole.

The Mineral Tax

I say that whatever is the Mineral Tax which is involved in clause 1, the nation as a whole is entitled to a share of that, not merely for local purposes, but for the purpose for which this Budget is raising taxation. What is the purpose? It is partly, no doubt, local; but, in the main, it is national security and the setting up of a provident fund for old age, sickness, invalidity, and unemployment. Is it too much to ask that when there is an Increment Tax upon mines, a share of that should go to the provident fund to provide for the miners, amongst others? I say that the division which is suggested, the equal division between the locality and the national fund, is a perfectly fair one.

question, and we have come to the conclusion that this year it would be undesirable to add to this Bill any Clause dealing in detail with the apportionment, and, therefore, I put a new Clause upon the Paper which will have the effect of apportioning the sum equally between Imperial and local finance, but hanging up the portion which shall be paid to the localities, and paying it over to a separate account to be dealt with next year. It is perfectly clear that local and Imperial finance has to be dealt with in a very thorough, and I should say, searching way, and I think it would be a mistake to anticipate the lines upon which that will be done, and on which we propose to legislate by incorporating in this Bill anything in the nature of a complete and detailed allocation of the funds. I have seen a good many gentlemen who are specially interested in the matter and they are all strongly opposed to any attempt being made this year to define the lines of the actual apportionment, and they certainly favour the idea of rolling up the sum and postponing the financial allocation and leaving it to be dealt with at a future date.

27 September.

[Later in Sitting]

Additional Payments to Local Authorities on Account of Land Value Duties

When we discussed this question at an earlier stage of the Bill I intimated on behalf of the Government that our intention was to propose a new clause dealing with the matter of the allocation of the amount between Imperial and local finance. Since then I have received quite a number of deputations from the municipalities upon this very

Various Suggestions

What are the suggestions that have been put before His Majesty's Government? There are at least five. One is that the money should be spent in the locality where it is raised. The second suggestion is put forward by the Association of Municipal Corporations, that the money should be spent according to rateable value. The third is that it should be spent in proportion

to population. The fourth suggestion is an ingenious one made by the London County Council, that we should declare zones, and distribute the money raised in those zones in proportion to the rateable value of the various districts within those areas. That is an extremely ingenious suggestion, and it struck me as a very practical one which deserves careful consideration. The fifth suggestion is the one to which I may say I am very disposed to give favourable consideration myself, namely that the money should be spent for some specific purpose of the Act, and should be spent locally. That was very largely the method adopted in 1890. At that time the whisky money was given to the localities, a very considerable number of which spent it on secondary and technical education. In my own locality it was used exclusively in building schools. I think if that money had gone into the rates it would have been lost. It has been allocated to purposes connected with education, and children can be sent to secondary schools, where they receive admirable instruction at a £3 fee. I do not believe there are half a dozen towns in England where you get such an excellent system of secondary education at so cheap a price, and the fees are so low that artisans are able to send their children. That is purely due to the fact that the money, instead of being flung into the morass of the rates, has been definitely allocated to a specific local purpose. I earnestly urge the municipalities, when they come to deal with the problem, to consider that which seems to me to be the most fruitful suggestion for spending the money. These are the five suggestions which the municipalities have to consider, and which I believe they are considering.

DEATH DUTIES

13 September.

The right hon. Gentleman (Mr. Balfour) has asked me a series of questions. He said, first of all, "Is not the revenue an inelastic one? Take the figures of the last few years, do they not demonstrate clearly that this is a falling revenue, that instead of being a fruitful tax it has become an increasingly barren tax, and therefore from the point of view of finance it is an undesirable tax to continue?" If the figures demonstrated that, I think it would be desirable that you should not increase the scale of the duties—if the statistics of the last ten years proved it to be a constantly diminishing tax. That is not the case. Let me take the figures from 1897 to 1908. When you deal with Death Duties you have to take figures, at any rate, over 10 or 11 years. You cannot take the figure for this year and compare it with the last; you cannot take the figures of these three years and compare them with the preceding three years; they depend upon so many circumstances that you must take as wide a survey as you possibly can in order to arrive at any conclusion with regard to the effect of the Death Duties.

The Fall in Securities

Before I come to the figures let me give one word of reminder. There has undoubtedly been since the war a very decided fall in the value of securities. I am not trying to distribute the blame, but before the war Consols were at 114, and there was a very considerable drop not only in Consols but in securities all round. As far as the Death Duties are concerned, the great bulk of the properties which

pass through the Estate Duty Office, are either in the form of land or in the form of other British securities; it may be buildings—you must remember that all the buildings in the country pass through as well as land—railways and every other trading business passes through, but I am perfectly certain of this, that the great bulk of the businesses which pass through the Estate Duty Office is in respect of British capital. There was an undoubted fall compared with the year before the war in the year that followed after the war. In the year immediately before the war the total estates in respect of which Death Duties were paid amounted to £326,000,000. That is in 1899, and that is gross, without any deductions. That figure of £326,000,000 was the highest figure which the Death Duties had reached up to that date. The following year, 1900, it fell to £294,000,000, and that was purely due to the fact that the securities had tumbled down in the market; but I am not going to apportion the blame. The following year, 1901, the sum was £320,000,000, and in the following year £298,000,000. In those three years, therefore, there had been an increase, though it was not the same rate of increase, and in the following year there has been an appreciation.

Increase in Death Duties Recently

I am going to take four triennial periods, and that is a good test. The first began in 1897, and the total estates which passed through the Estate Duty Office in those three years come to £880,000,000; in the second triennial period they come to £913,000,000, in spite of the fall in securities, and in the third period, 1903, 1904, and 1905—securities were still falling heavily—there was a falling off

to £890,000,000. In the last triennial period the figure has gone up to £944,000,000. So, comparing the first triennial period with the last there has been an increase on the estates in respect of which Death Duties were paid of £164,000,000 sterling. So far, therefore, from there being any steady diminution, it has been a steady increase, taking all these 12 years. These figures I have taken from the official statistics.

Is it a Good Tax?

I come to the next point. The right hon. Gentleman asks: Is it a good tax? He says you are inflicting a burden upon industry. Of course, you cannot take three millions of money, ranging up to £8,000,000 eventually, without its being taken out of some fund. If we were imposing the tax merely for the sake of imposing a tax and for the sake of drawing millions out of the pockets of individuals without drawing it for some justifiable public purpose, the tax, of course, would be a bad one, as would any other tax not imposed for a justifiable object; but, if the object is a justifiable one, I do not see the distinction between £3,000,000, £5,000,000, or £8,000,000 in this form and taking it out of businesses annually in the form of an Income Tax. Assuming that you have to take the millions at all, I think it is preferable. The right hon. Gentleman says you are taking it from a business just at the time when it is embarrassed, and when there are other charges upon it. This is a mistake he has made in common with every critic in connection with that argument. He assumes that in the business of this country, in the case of death, you actually draw your £5,000 or £10,000 duty from the business. In the first place, a very large

proportion of the businesses—certainly the biggest businesses—in this country have been converted into limited liability companies, and, when a man dies, he does not take the money out of the business. He has the shares. That is what he is dealing with. He may not be able to get rid of the shares at a price which he thinks should be adequate, but, at any rate, the money is not taken from the business. That is really the case in regard to the vast majority of the great businesses of this country, and, when it comes to small businesses, the scale is a very low one, and you only pay upon the net amount after making every deduction. The right hon. Gentleman talks about heavy charges, and the hon. Member for Brighton (Mr. Ridsdale) made a strong criticism on these proposals.

Case of a (Supposed) Waterlogged Business

He said a business may be waterlogged. But a waterlogged business does not pay a heavy percentage of its revenue. If it is a business of that kind it only pays on the net; if there are debts, then they are all deducted; if it is overwhelmed by liabilities there is no margin on which it pays. My hon. Friend knows that when you value an estate for Death Duty purposes you do not put 100 per cent. upon it. It does not pay anything approaching its full value. I say this after full inquiry into the matter.

It is a Fair Tax

I still say it is a fair tax. It is a just tax and it is an effective tax. No unjust tax can be effective in the long run. You have to raise so many millions of money. We have distributed that. We have taken a certain

amount in direct taxes, a certain amount in indirect taxes, and we propose to take a certain amount in Death Duties. What is the transaction that that represents? Take any figure. Do not take millions, because it looks as if you were attacking millionaires. If a Chancellor of the Exchequer bases his finance upon millionaires his schemes will come to grief. I do not want to take extreme cases, but take a case of £25,000, £50,000, or £100,000.

Practical Illustration

We will assume that a man leaves that amount net after payment of all liabilities and debts and encumbrances, because the net amount is what he pays upon—upon a fairly liberal valuation. How has he been able to accumulate that? From the security which is given by the State. The protection to his property, the protection of this country even against invasion, has enabled this country to accumulate greater wealth than any other country. But all that costs money. Not only that, but money which is spent upon education, upon improving the condition of the people and making them more efficient even as wealth-creating machinery, is part of the £25,000 or £50,000. With an inferior population in intelligence, in physical condition, in general contentment, with a state of greater insecurity against dangers of invasion, he would not have accumulated his £25,000 or £50,000. All that costs money to the State. Is it, therefore, unfair to say, when you are passing that £25,000, £50,000, or £100,000 to someone else, that the State ought to take a toll upon it, not merely in recognition of its services, but to enable it to continue those services in future for all, even for the

person who has inherited the money and who may convert the £25,000 into £250,000 under similar conditions? What is unfair in that?

The Real Position

This is talked about as if it were some great raid upon property.

What is the real position? In 1898 there were 71,000 estates for Death Duties. In 1908 there were 85,000 estates, so that if you divide the much bigger figure by 85,000 and find that the average has gone down, does it show that the wealth of the country is decreasing? It shows that there are more people coming into their fair share of the fruits of the earth. That is really what it means.

What Alternative is There?

Again I ask: What do hon. Gentlemen opposite give us by way of an alternative proposal? How do they say that we should raise the £8,000,000 of money in a way which would do less harm ultimately? What would it mean on corn? The raising of this sum of money on corn with a preference would be 5s. a quarter duty.

Would not a tax on corn do far more harm? I say that it would do more harm to the country as a whole. Really all these things that have been said about the Death Duties have been said of every proposal ever made of this character. I know that when I propose to increase these duties, Sir William Harcourt is quoted against me. When Sir William Harcourt proposed to increase them, Mr. Gladstone was quoted against him. There has not been a proposal by Mr. Gladstone or Sir William Harcourt in regard to which exactly the same arguments were not used.

Mr. Gladstone and the Succession Duty

It is very interesting to know that exactly the same arguments were used against Mr. Gladstone when he first proposed the Succession Duty. In a Debate in the House of Commons in 1853, when Mr. Gladstone proposed the Succession Duty, an hon. Member said:—

“The whole object of the Chancellor of the Exchequer was war against property. It might be popular in some quarters, but he was sure it would be productive of hardship to industry. He warned the right hon. Gentleman how he struck a blow upon public confidence, the effect of which might be felt to an extent of which he had no present conception.”

That is from a speech by some Conservative Member who was criticising the Budget of that day. Another Conservative Member ended his peroration upon the same kind of proposal with these words:—

“He could not give his support to a Bill which he believed would inflict the greatest hardship and the most serious and burdensome consequences, and which, when its real effect becomes known, would in 20 years make the right hon. Gentleman to be considered one of the most dangerous and mischievous Chancellors of Exchequer this country had ever seen.”

Speeches of that kind were delivered then. There is, therefore, no novelty in all this vituperation. The same charges, almost in identical language, were made years ago. We were told that the whole country would turn. I could quote passages in which it was said that the House of Commons would repeal the duty. We have had Conservative Administrations since then, and Mr. Goschen, in 1888, increased the burden. The Leader of the Op-

position was in power for some years, and he did not alter any of these things. These are simply, I will not say part of the stock in trade, but the kind of attack upon any proposal of a Government which may be expected. I say that in distributing the burden which we are compelled to place on the shoulders of the people of this country we have distributed it fairly and equitably, and in a way that will inflict no damage on any industry in this country.

INCOME TAX

20 September.

I regret that the Noble Lord (Lord Willoughby de Eresby) should have made what amounted to a deliberate attack on the whole of the Income Tax. His argument for reducing the 1s. 2d. to 1s. 1d. would apply to getting rid of the Income Tax altogether. If money is to be raised, I cannot imagine any Chancellor of the Exchequer who had £16,000,000 to raise, and necessarily more next year, standing at this box and proposing to leave the Income Tax exactly at what it was last year. Whatever methods he employed to make up the balance, I am perfectly certain he would raise the Income Tax to a certain point. I think this addition of 2d. to the Income Tax very moderate. The criticism which I have heard with regard to the Death Duties has been that, instead of resorting to Death Duties, it would have been far better to put up the Income Tax. That is the kind of criticism I have heard, and I am not sure that I did not hear it last week. In a rather sensational criticism of the Budget that was the

suggestion put forward, that we ought rather to increase the Income Tax than to resort to what was regarded as a charge on capital in the nature of the Death Duties. Therefore, I do not think the Noble Lord seriously put forward the claim that we should reduce the Income Tax from 1s. 2d. to 1s. 1d.

Reduction of 1d. Impossible

I could not possibly agree to even a reduction of one penny, which would involve £1,000,000 this year and over two million pounds next year. That is a prospect which I could not possibly contemplate, and the Noble Lord did not suggest in what other way I could raise the money. For this year the twopence amounts to £3,760,000; but after various allowances the estimated net receipts therefrom for 1909-10 are reduced to £3,000,000. The Noble Lord proposes to take a penny off. That is a very considerable reduction in our estimate, and one I could not possibly face.

Possible Grievance under Schedule A

I confess I have more sympathy with the latter part of his speech when he came to deal with the question of charges under Schedule A. That matter has been raised repeatedly in the course of discussions on the Budget, and the very first time it was raised by the hon. and gallant Member for Chelmsford (Mr. Pretyma), I think I replied that I also had come to the conclusion that at any rate the better class of landlord had a grievance so far as Schedule A was concerned, and a very considerable grievance. I then promised definitely that I would look into the matter, and see whether something could not be done even in

the course of the discussions on these financial proposals. I received a deputation from the Central Land Association. They put an appeal before me, and offered to submit their accounts. They were good enough to submit to me cases of about 20 or 30 typical estates in different parts of the country which I invited them to send in, not necessarily the accounts of great landowners but rather samples throughout the country, of the good landlord, the average landlord, the great landowner, and the small landowner in different parts of the country, so that we might be able to get a fair examination of the way in which Schedule A worked at the present moment. I must say that after examining them very carefully I confess my first impression was confirmed that undoubtedly, in the case of the best landlords, the present system works rather harshly. The proposal which is made for remedying it is to transfer the whole of the accounts under Schedule A to Schedule D. I think I pointed out in the course of the Debates that in my judgment, and I was acting on the advice of the officials, that is quite impracticable. In the first place, the tax is not so much an Income Tax as a property tax. I do not want to enter into that now, but it is not quite on the same footing as the Income Tax. The second reason is that Schedule D involves the examination of 600,000 accounts, and if the accounts under Schedule A were transferred to Schedule D that would mean an examination of two million more accounts. Those are the figures given to me.

Schedules A and D

The removal of all the accounts under Schedule A to Schedule D would in-

volve the examination of 2,000,000 additional different accounts. Obviously that would be impossible—at any rate, this financial year. The next thing is that we would have a difficulty in arriving at the facts when you have to abandon taxing at the source. That would be a very serious contingency, and I do not think we could possibly face it. At the present moment two-thirds of the Income Tax is collected at the source, and that is why it is so successful as a tax. With the whole of those accounts collected from each individual it would be a very expensive operation, and I doubt very much whether it would be as successful, from a revenue point of view. Therefore there is a great advantage in collecting at the source, where it is possible, and I think it would be quite impossible at the present stage to abandon the collection of properties under Schedule A and transfer them to Schedule D. At the same time, I have admitted that the present system is not fair to the good landlord. The deduction which is made in respect of repairs, and improvements is inadequate, and the good landlord and the bad landlord, or rather the indifferent landlord, are treated exactly in the same way. There is no encouragement as far as the revenue is concerned to the good landlord. If he spends money on improvements and repairs he has to pay taxes on them, and therefore undoubtedly the present system, to that extent, is a vicious one.

The Noble Lord talked about a surplus to dispose of, but I can assure him I have no surplus to dispose of, and for any allowance made in respect of Schedule A I am afraid I should have to look to the Sinking Fund, but that is another story I do

not wish to turn to now, and I leave it. There is really no surplus. There is absolutely nothing in the suggestion. I wish there were. On the contrary, if anything I have over-estimated the revenue, certainly from whisky. I was criticised very severely at the time for having under-estimated the revenue, and I was probably the only man in the House who thought I had not under-estimated it. As a matter of fact I have over-estimated it, and therefore there is no surplus. However, we are prepared to make a concession, and I think it is a substantial one, in respect of Schedule A.

Concession in Respect of Schedule A

Before I come to consider the amount of it, I should like to say something about the form. I consulted the Central Land Association as to the form in which they would wish the concession to be made, assuming the Government were prepared, having regard to the financial conditions this year, to set aside a certain sum of money, and no more, for the purpose. They were perfectly unanimous that it ought not to be given in the form of a flat rate reduction. They opposed very strongly the mere raising of the datum line of $12\frac{1}{2}$ per cent., for, they said, and I agree, if you simply raise the datum line all round it means that the good landlord and the bad landlord are treated in exactly the same way. There is no encouragement to the man who spends money in improving his property, because the man who does not spend gets exactly the same allowance as the man who does. The man who does not spend will get a deduction in respect of what he does not spend, whereas, on the other hand, the man who spends lavishly upon improv-

ing his property may not get enough. They infinitely prefer taking their chance of such a sum being next year available for increasing the maximum, and that is the line we propose to take. This is the proposal I shall submit. I cannot put it in the form of an Amendment to the Income Tax; it will have to take the form of a new clause. This is the form in which we propose to make the alteration in the present Session. We do not propose to alter the datum line of $12\frac{1}{2}$ per cent. in respect of land, and of $16\frac{2}{3}$ per cent. in respect of cottage property. We propose to leave those exactly where they were, so that all landowners will be entitled to those deductions in the future exactly as they have been in the past. But we propose that on a declaration by a landowner, accompanied by general figures which can be examined by the Inland Revenue, if they think it necessary, in any given case, that he has spent more on repairs and on management, a further deduction shall be made up to 25 per cent. That means that on cottage property, where there is a deduction now of $16\frac{2}{3}$ per cent., a landlord will be entitled to deduct up to 25 per cent. if he makes a declaration that he has spent on repairs a sum of money which comes up to that maximum. The same thing will apply to land. If a landowner has spent in the course of an average number of years—that is the form which I suggest it should take—up to 25 per cent. of the gross, then he will be entitled to deduct 25 per cent.; if he has spent up to 20 per cent. he will be entitled to deduct 20 per cent. But he cannot get it in the form of a deduction, because the deduction would remain at the rate of $12\frac{1}{2}$ per cent. He has to make a claim for the difference between $12\frac{1}{2}$ per cent. and 25 per

cent., and it will be returned. Otherwise we should have to abandon the whole of the present method of collection at the source. The only way it can be done is by a claim accompanied by a declaration that the money has been spent. That will involve this year about £300,000, and in a full year something like half a million of money by way of reduction of Schedule A rates.

Basis on which Allowance shall be Made

There are one or two points in reference to which I should like to invite the views of hon. Members especially interested in the matter, not so much in the course of the Debate as in the course of the next few days before we put down our Amendments. One is with regard to the basis upon which the deduction should be made. Obviously it would not be fair that the deduction should be made in respect of each individual hereditament. You might get a landlord who spends this year upon one hereditament 50 per cent. spending not 15 per cent. on another. Therefore, if the deduction were made in respect of each hereditament, he would only get 25 per cent. in respect of one hereditament and 15 per cent. in respect of the other; whereas if he was able to bring the whole of his expenditure on all his hereditaments into hotch potch he would bring the whole of it up to 25 per cent. This is really a concession to landowners. A landlord does not spend his money equally during the year upon all his hereditaments. He may spend a large sum of money on this farm this year, and very little upon another—on repairs, for instance. Therefore it is fairer to him to spread the whole sum over the whole estate. The second point is that I think it ought to be over an

average number of years—I suggest two or three—otherwise again the good landlord might be damnified. He might spend in one year a very considerable amount of his income upon repairs, and next year considerably less. Over an average of years he might spend probably 25 per cent. or 30 per cent., whereas if he took one year alone he might not spend 20 per cent. This, I think, is really in the interests, not only of the landowners, but of agriculture as a whole. It discriminates between the landlord who spends money upon improving his property and the landlord who does not. It is the first time that any attempt has been made to discriminate between the good and the bad, or, I would rather say, the indifferent landlord.

As I have said, the Government are prepared to set aside a sum of £500,000 for this purpose. It is quite impossible to estimate accurately how far that £500,000 will go. An element of uncertainty is in connection with the Super-tax. We can estimate with some approach to accuracy what it will cost to make this concession in respect of the ordinary Income Tax from cottage property and from farms; but when you come to the Super-tax there are two or three elements which introduce considerable uncertainty. For instance, we cannot quite say at the present moment, with the materials at our command, how many landlords will be taken outside the Super-tax altogether by this deduction of 25 per cent. There is no doubt that several will be taken outside the Super-tax altogether, merely owing to the fact that they are entitled to 25 per cent., instead of $12\frac{1}{2}$ per cent., and we cannot say quite what the effect will be upon the remainder. On the other hand, there are a certain number of landlords

who will be unable to make declarations that they had spent 25 per cent. It is not always a question of the good and the bad landlord. Sometimes it will depend very largely on the class of land. For instance, you may have land on which there are considerable buildings. Obviously, where a very large proportion of the capital is invested in structures and fencing, the percentage would be much higher than on land with comparatively few buildings. On the other hand, there may be landlords who cannot conscientiously claim 25 per cent., because the maintenance of their property does not demand expenditure to that extent. If, therefore, it is found that the £500,000 is not altogether disposed of by this concession, the Government will probably be in a position, at any rate next year, to increase the maximum. If there is any surplus, we propose to increase the maximum to those who are spending more than 25 per cent., and, no doubt, there are several landlords who are spending considerably more. The claim of the Central Land Association is that the average good landlord spends 35 per cent. I am not in a position either to controvert or to verify that statement, and I shall not be until the accounts of all the landowners are submitted under this proposal for the examination of the Inland Revenue.

That is the proposal of the Government which I propose to put down in the form of a new clause. I shall not put it down for a day or two, because I should like any suggestions that Members interested in the matter would care to make in regard to the form. All I can say is that at the present time we cannot see our way to go beyond that £500,000. If anyone holds a very strong view that that sum

could be better allocated in some other form for the attainment of the same purpose, I shall be very glad to consider any suggestions before we finally put down our clause. All I feel very strongly upon is, and here I agree with the Central Land Association, that it ought not to be a flat rate, but that the landowner who actually spends money on the improvement of his property ought to get the benefit of the concession.

WHISKY DUTY

23 September.

In two respects I over-estimated. The revenue has not been a very promising one. I under-estimated undoubtedly the immediate effect upon consumption, but I am assured by those who know something about the trade that this effect will only be temporary.

Considerable Reduction in Consumption

Undoubtedly in some districts the reduction in consumption has been very considerable. I have heard almost startling figures. In some districts I have heard of a fall of 30, 40, 50, and, I believe, 70 per cent. But in some districts the opinion has been expressed that it was purely a temporary condition of things. Two things account for it—the publican putting up the price, and the workmen saying they will not buy the liquor at the increased price. I admit that the temporary reduction in the amount of whisky consumed has undoubtedly not merely surprised myself and the Revenue officials, but surprised everybody. There is another reason, I

think, which accounts for the fact that up to the present there is a state of uncertainty in the whisky trade as to what is going to happen. To be perfectly frank, they are not sure whether the Budget is going through. There are political possibilities which they are reckoning on. They think there may be a chance that either the Budget might not go through, or that probably the Government would not stick to the duty. The effect of that is that they are keeping their stocks as low as possible, both wholesale and retail. There is no doubt they are conducting their business on the lowest possible margin. They are perfectly right from a business point of view until an absolute certainty has been established. That, I think, has undoubtedly had a very considerable effect upon the revenue. But we have only dealt up to the present with five months. The forestalments were about £2,500,000. My recollection is that there were £900,000 for March, including Customs and Excise; there were about £1,650,000 odd for April. Add the two together, and it comes to about 2½ millions. That is for Customs and Excise.

Now I think I have dealt with the point regarding the discrepancy in connection with the actual realisation and the estimate I made. The point I am making is that during the current five months of the year all these forestalments operate. It is therefore during five months of the year that the short stocks operate. I have taken steps to check the matter, and the gentlemen responsible for advising me still adhere to their statement. I still say I do not think you can make up the estimate by taking a year. I still think there will be a substantial increase this year, but I do not think it will come to anything like the figures

I gave to the House when I made my Budget estimate.

The officials have come to the conclusion that before they can estimate with anything like approximate accuracy they must be satisfied that the reserve stocks are pretty well exhausted. In their judgment that will happen within the next week or two. I must give an estimate to the Committee before the Budget is through. But at the present moment I am not in a position to give an estimate to the Committee. It would be a mistake for me to do so. I can assure the Committee we have gone into this matter week by week.

Justification of Tax

The justification for the tax is this: I had to get £16,000,000; I had to find sources of revenue. When I came to indirect taxes I had to decide as between tea, beer, sugar, tobacco, and whisky. These are the only sources of revenue which I think would bring in a substantial sum. I came to the conclusion that it would not be desirable to tax tea, and what happened? Hon. Members on the Opposition side made very strong speeches against it and voted unanimously against taxing tea. The Opposition also invariably voted against the Sugar Duty. They voted last year in favour of a larger reduction than the Government were prepared to make. I gave my reasons with regard to beer. Any tax we could put on beer which could be passed on to the consumer would produce fifteen or twenty millions sterling. That was more than we wanted. I had therefore to choose tobacco and spirits. Assuming a year in which there is no forestalment, in an ordinary year, I thought that they would produce a very substantial addition to the Revenue.

TEA DUTY

23 September.

Reasons for not Reducing Tea Duty

The Government have already reduced the Tea Duty from 6d. to 5d. What is the reason we have not reduced it this year? It is because we find ourselves with a deficiency of £16,000,000, of which £8,000,000 or £9,000,000 are for old age pensions. That might incidentally be mentioned, I think, when a case is being made out against the Liberal party of oppression of the working classes. You cannot get rid of all these grievances in a single year. We get nearer year by year. We have got rid of a penny on the Tea Duty, and £3,500,000 on the Sugar Duty, even when we are facing great liabilities, and I venture to say the surprise most people felt was not that we had not taken any of the tax off tea and sugar, but that we had not put them back. That was the real feeling expressed by the vast majority of people; it was a feeling of relief amongst the working-classes.

Now I come to the hon. Member (Mr. Stephen Gwynn) who moved the Amendment to reduce the tea duty, and the Seconder (Mr. T. P. O'Connor), and I must say they showed a sympathetic spirit. They quite recognised the financial difficulties of the year. They protested against the Tea Duty. I have joined with them in that protest for about fifteen years. The very first night I came to the House of Commons, and, by the way, it was a Budget night, I voted for the reduction of the Tea Duty. I do not regret it, and nothing would give me greater satisfaction than to take a penny, twopence, or even threepence off the Tea Duty. I do not recede a single

inch from anything I have said about the hardship of these duties, so far as the poorest of the poor are concerned, and I take some pride in the fact that I have not increased them even when the necessities of the country demanded £16,000,000 of money. I do not believe anyone standing in my place would this year propose to decrease the Tea Duty. Taking a full survey of the whole position and bearing in mind the new duties we have to impose, not merely for this year, but also for next year, I think he would have come to the conclusion, very reluctantly, exactly as I have, that at any rate this is not the year to take a penny or twopence off the Tea Duty.

I was told by those in the trade and by those who knew, that it would not answer the purpose to take a further penny off the Tea Duty. If you take off anything at all, you must take off 2d. Otherwise you would not at this stage bring it home to the people whom you seek to benefit. Would anyone with any sense of responsibility advise me this year, when I want £16,000,000, when next year I shall want over £20,000,000, and when I want that money partly for the purpose of raising old age pensions, to throw away £2,250,000 by reducing the Tea Duty? I do not think I should be justified in doing that. I think I should be subjected to legitimate criticism. There is nothing which has been said against the Tea Duty with which I do not agree heart and soul. It is a tax upon the poorest of the poor, upon people who can least afford it, and I still say that anyone who reads the reports of the pensions officers as to the conditions of the poor will agree there is no tax which hits the poor harder than this Tea Duty.

I think it will be incumbent upon some future Chancellor of the Exchequer, when he is able to put the finances of the country in a better position than they are at the present time, to consider the question of reducing the Tea Duty amongst the very first, but at the present moment I do not think anyone would consider me justified in my position in facing the problem of taking 2d. at least off the duty. Under these conditions, I hope the House of Commons will really think that we are justified, at any rate in the present year, in standing by the Tea Duty as it is.

GARDEN CITIES AND THE LAND DUTIES

22 October.

Nothing will extend garden cities more than this Budget. It will have a great effect, not merely in developing land for building, but in doing so on rational lines, which is the whole focus of the garden city movement. My hon. Friends (Mr. Idris and Mr. Wills) who have asked for further concessions for garden cities have presented the case of one garden city. With the exception of the directors of Letchworth Garden City, the representatives of all the other garden cities concerned have expressed complete satisfaction with the concessions which the Government have made.

Concessions to Garden Cities

What have the Government done to meet the case of the garden cities? They have, first of all, included in the Bill the provision that all the money spent in preparing land for development shall be deducted. They have also got in this very Clause (Clause 25)

an Amendment which provides that deductions may be made of "any part of the total value which is proved to the Commissioners to be directly attributable to the appropriation of any land or to the gift of any land by any person interested in the land for the purpose of streets, roads, paths, squares, gardens, or other open spaces for the use of the public." My hon. Friends never mentioned that. Then, in Clause 17, it is provided that Undeveloped Land Duty shall not be charged "on the site value of any land where it is shown to the Commissioners that the land is being kept free of buildings in pursuance of any definite scheme, whether framed before or after the passing of this Act, for the development of the area of which the land forms part, and that it is reasonably necessary in the interests of the public, or in view of the character of the surroundings or neighbourhood, that the land should be so kept free from buildings." Under that provision, if a whole area in the middle of a town is left unbuilt upon as part of the plan to give air space and to provide lungs for the locality, there will be exemption from the duty. We have introduced these substantial Amendments entirely to meet the case of the garden cities, and I want to put it to my hon. Friends that if we do not accept their Amendment, it is not because we have not gone out of our way to meet the case of the garden cities and safeguard their interests against anything like the nature of burdensome taxation.

Letchworth

One reason why we cannot accept the Amendment is that it would let in all kinds of expenditure, not only in this case, but in innumerable other

cases, which are not justly attributable to any scheme of building development. We want to leave the word "directly" in the Bill to indicate to the courts when interpreting the Clause that there must be some direct connection between this expenditure and the actual development of the land.

But there are cases where it might be argued, especially if you leave out the word "directly," that the expenditure is expenditure which has a value in improving the property. It might be said that docks down in Cardiff improved the value of the whole of South Wales, unless you make it clear that what you mean is that the money must be spent directly for that purpose. That is the case here. The money has been spent directly for the purpose of improving the value of that spot. My hon. Friends are simply going out of their way not to fight the battle of the garden city, but that of the great urban landlords in other districts. They have been misled entirely by figures for which there is absolutely no justification. The £8,000 which it is alleged will be payable in increment value duty by Letchworth is a ludicrous figure. It could only be charged on the assumption that Letchworth is going to make enormous profits in the course of the next five years. It would mean profit made by Letchworth on the purely prairie value of the soil after every value which they have created has been deducted. Eight thousand a year profits for five years, made after every deduction for every expenditure, and not merely that, but for every value which is created, would represent profits beyond the dreams of most landlords. In the course of the next five years they are not merely going to get back the whole of the money spent, the whole value they have created, but

in addition they are going to make £40,000 profit on the prairie value of the soil which they bought. That is a most extraordinary statement, and ought to send up Letchworth shares in the market instantly.

Expenditure of a Capital Nature

The two Amendments have been moved together. That is perfectly right, I understand. The other is with reference to expenditure of a capital nature. Every man of business knows what that means. It is expenditure on which you may not expect a return that year, but which you make part of your capital in that year. All that will be deducted. But that all the expenditure on your office, or on railway and tram fares, and every little item of expenditure, current expenditure of the year, should be deducted, would mean such an examination by the Commissioners into the *ménage* of every urban land-owner that you could not begin to collect the tax for many years to come. I trust therefore that my hon. Friends will be satisfied with the very substantial concessions that have been made to meet that case, because we recognise that there are great merits in the garden cities, and we have met them amply. They will not be taxed in the slightest degree on any value which they themselves have created, but will only be taxed on the improved prairie value, after every value which they themselves create has been deducted.

REVISED ESTIMATE OF YIELD OF NEW DUTIES

(22 October.)

It is rather a novel proceeding, I admit, for a Chancellor of the Exchequer to give a revised estimate of

his revenue before the Budget leaves the House of Commons. It is not, however, a new thing for a Chancellor of the Exchequer to give a revised estimate of his new taxes. But I propose to go a little beyond that, and to give a revised estimate which will cover pretty well the whole ground. My reason for doing so is this: it is later in the year than I suppose it has ever been with a Budget. Therefore we have a unique opportunity of checking, by the experience of at least half a year, the estimate, which depends, after all, very much upon conjecture when it is made at the beginning of the financial year. Some branches of the revenue have produced more on this occasion already, some less. This is nothing new. As a matter of fact, it is what happens every year. I do not believe there has ever been a case where the estimate has been justified in every particular. Some parts of the revenue fall far short of the anticipated yield; other parts produce a good deal more. And that has happened in this case, especially in regard to some of the old taxes. But that would not be a sufficient justification for giving to the House of Commons a revised estimate had it not been for the fact that there have been very considerable modifications made in the Bill I submitted to the House some months ago, which will involve a loss, to a certain extent, in one part of the Bill.

Summary of Modifications in Budget

I will give a summary of the modifications in my proposals. First of all I will take the modification in the Land Value Duties. The modifications in these duties will bear fruit not so much this year as next year and the next ensuing year, because they are mainly in respect of Increment Duty, which I

budgetted to yield only £50,000 this year, and therefore a very considerable modification in these Clauses would have had a very small effect upon this year. Taking these modifications into account, and also making some allowance for the delay in the carrying of the Budget, I think I shall be safe in estimating that these concessions only make a difference this year, so far as increment duty is concerned, of £30,000. Next year there will be a very considerable alteration, I think, in the estimates. As far as the Undeveloped Land Tax is concerned, another £35,000 will cover the whole of the modifications there, and the loss due to delay, and I have also to allow for a loss of £10,000 in respect of Reversion Duty, owing to the late period at which the Finance Bill will become law. On the other hand I have to add a sum of £175,000 in respect of our alterations in the Mineral Rights Duty, so that the net effect of our alterations in the Land Value Duties, after taking off £75,000 and adding £175,000, is an addition of £100,000 in my estimate for this year.

Concessions

We estimate that the concessions given on licences since the introduction of the Bill amount to £500,000. Then there is another alteration in the proposals of the Bill, which will account for a further substantial sum, and that is stamps. The alterations with regard to small conveyances will involve this year a matter of something like £50,000—the total will be £50,000. If hon. Members will take the £100,000 in respect to land, they will find that under the heading of new taxes the reduced yield this year under all modifications amounts to £450,000, but that does not account for all the

concessions made in the passing of the Bill. We have proposed that half the yield of the Land Tax should pass over to a Local Taxation Fund, which will account for some £300,000. Then there is the increased cost of valuation. The Government have proposed that the State shall undertake the whole cost of valuation instead of casting it upon the individual land-owner. That will make a considerable difference in our estimate of the expenditure for valuation, and for this year it will come to £200,000. The Prime Minister estimated it at something more than that, but at that time it was assumed that the Bill would go through sooner than it will go through to all appearances. These two items mean another £500,000. That will account for all the concessions in connection with the new taxes.

Concession in respect of Schedule A

But we made one very considerable concession in respect of a very old tax, and that is Schedule A. We estimated that that concession would cost the Exchequer half a million a year, but it will be obvious to those who have experience in these matters that the whole of that sum will not be paid out of the Treasury before the end of the financial year, because the land-owners will have to send in their claims and sometimes they will have to be investigated. There will be some delay, and I am informed that the probability is that by 31st March £300,000 will account for the proportion of that £500,000 which will be paid during the current financial year.

Effect of Delay

I have already explained that there will be a slight loss in land owing to

the delay in the passage of the Finance Bill. The yield from the Land Taxes this year will not be a very large sum, and the delay will not affect it very seriously, and it will not affect the new Mineral Rights Duty in the same way as it would have affected the old Mineral Rights Duty. We do not anticipate much loss there. But, at the same time, undoubtedly the delay will affect to a slight extent the yield which we anticipate from the Land Taxes. It may affect the Super-tax, and it will certainly affect stamps. It will take off something like a couple of months probably from the yield of the new Stamp Taxes.

Old Revenue

I come to the old revenue. The House will be glad to hear that the old revenue is doing very well. All the taxes are doing well, old and new, except one, and that is whisky. The Whisky Tax is discouraging—or shall I say encouraging?—but beer is doing very well. There are five new taxes. Four out of the five are quite up to our anticipations, but the fifth, the Spirit Tax, is not doing well. I will take the taxes in respect of which I shall have to alter and revise my estimate.

Death Duties

The first is the Death Duties. They are the most difficult of all taxes to estimate with anything like approximate accuracy. I do not know a tax which has so often falsified anticipations as the Death Duties. Sometimes they exceed the estimate by hundreds of thousands of pounds. On one occasion in the last few years they exceeded the estimate by £1,200,000. Sometimes the estimate is falsified the wrong

way, and I think that happened last year. We received less by some hundreds of thousands of pounds than we anticipated. This year I announced that already the anticipations with regard to the yield of the tax have been considerably exceeded. It is very difficult to know whether in the course of another six months we may find that there will be such a shortage in the yield as to lose the full benefit of the advantage of the considerable harvest which we have had during the last six months, but the anticipation of the Inland Revenue is that, looking at the yield of the last six months, when two or three very exceptional estates have come in, which, of course, made a very great difference, the estimate in respect of the Death Duties will be exceeded by £1,300,000.

Post Office

Then the Post Office has also done better. That is due to the improvement in trade. Stamps have done very much better since the introduction of the Budget. That is because there has been such a boom on the Stock Exchange. They are doing so well and there has been such considerable briskness in business there that we shall improve our stamp revenue. Even making allowance for the two months which have been lost to the Inland Revenue, and even making allowance for the concessions we have given, we hope to derive £250,000 more from stamps than I originally anticipated. From the Post Office we hope to get an additional £200,000, and from the Land Taxes we hope to get an additional £100,000. Instead of receiving £500,000, we hope to receive £600,000. That will mean on the credit side—

£1,300,000 on Estate Duty,
£250,000 on Stamps,
£200,000 on the Post Office, and
£100,000 on Land Taxes—

a total of £1,850,000, most of that being accounted for by the Death Duties.

Income Tax

I come now to the other side of the account. I am very pleased to say that there is only one tax I can place on the other side. All the other taxes are doing very well, including the Income Tax. I have seen some very wild statements about the Income Tax—about there being a falling revenue, and probably a serious deficit. On the contrary, the Income Tax is doing admirably, including the new tax—the additional 2d. Unless the Budget is very late, and there is a loss of money on the Super-tax, I expect that the Income Tax will come fully up to expectation in the same way as in regard to other taxes. That is not the case in regard to the Spirit Duty. The Spirit Duty has done either badly or well, according to the view any hon. Member may take of it.

Spirit Duty

From the point of view of the Exchequer, I say frankly we are doing badly, owing to forestalments, owing to the shortening of the stocks, and also to an anticipated drop in the quantity of drink consumed. Forestalments were very accurately estimated. We did not estimate with equal accuracy the other two elements of the reduction of the yield of the tax. I believe that the trade, owing to the uncertainty with regard to the immediate prospects of the Finance Bill,

have reduced their reserves to the very lowest figure, and they have not taken a keg of whisky more out of bond than they were obliged to do. It is rather remarkable, I have been told, in some districts that when some recent speeches were delivered they had the effect upon the trade of their still further reducing their stocks and reducing their clearings from bond, because they were under the impression that possibly something might happen this year to do away with the whole of the tax, and that, therefore, there would be no necessity for them to pay. Undoubtedly they are working on as narrow a margin as is possible for the conduct of their business. That is bound to be temporary. The spirit trade must make that up before the end of the financial year. But that is not the case with regard to the drop in consumption. Undoubtedly there has been a very serious diminution in the quantity of drink which has been consumed. It may or may not be temporary, but even if it is temporary the effect upon the revenue this year is irreparable, because even if the people do get back to their old habits of drinking, it will not quite make up for lost time. Therefore we must anticipate a very considerable diminution in the yield of the Whisky Duty. I am told that in some districts the quantity consumed has gone down by something like 30 per cent. In Glasgow I have heard that the amount of whisky which distillers sold in the month of September was 30 per cent. less than the amount sold in the September of last year, and that as far as bond is concerned the diminution is something like 36 per cent. But that I think is not altogether accounted for by the decrease in consumption. I estimated for an increased yield of £1,600,000.

I do not think I shall get it. And may I say that every criticism directed against that estimate at that time was in the direction of complaining that we had underestimated. No one ever suggested that we had overestimated. On the contrary, there were Members—and I am not sure that there were not some on my own side—who thought I had really deliberately underestimated. I had in view that there would be a serious reduction in the whisky consumption, but I thought that the percentage I allowed would cover that diminution. Taking the twelve months as a whole, I am going to estimate for a decrease of £800,000 on spirits. I give £800,000 instead of £1,600,000. All this must be purely an estimate, but there is one advantage in estimating now. I am estimating now with some six months' experience of what has happened during the year, whereas at the beginning of the year I had to estimate without knowing exactly what was the nature of the tax and what it would produce.

Estimates

Let me come to the actual figures. As regards Income Tax I estimate that the concession under Schedule A will cost £300,000. The loss on licences will be £500,000, and the sum of money that will be paid over to the local authorities in connection with the Land Value Duties will be £300,000. The valuation will cost £200,000 in addition to the £50,000 that we have already provided. That amounts to £1,300,000. You must add to that the loss on spirits, which is £800,000. That comes to £2,100,000. Place, on the other side, the increase in the Revenue of £1,850,000, that means that I shall be short of £250,000. I have

already provided £488,000 to meet contingencies, but that sum, I fear, will be absorbed by Supplementary Estimates which I shall have to submit to the House; £200,000 for the unemployed, and a good many small sums.

Amount to be taken from Sinking Fund

Therefore, in order to meet that deficiency, I propose that we shall take out of the Sinking Fund another half million. That is a really moderate proposal, because I think Lord Cromer suggested that we should take a sum of £4,000,000, but we have only taken £3,000,000. We now propose to take an additional £500,000, and I shall be at any rate £500,000 under the proposal of so careful a financier as Lord Cromer, which he actually proposed and submitted to the country before my Budget. That is the position of affairs. I think it is a matter for congratulation that the revenue which indicates prosperity, the Income Tax and all the other taxes are doing well, and that the only tax that is doing badly is that tax the diminution of which proves that there is a considerable improvement in the habits of the people.

BUDGET PROPOSALS MAKE FOR TEMPERANCE

29 October.

The Government have no reason to complain of the tone of the criticism of their proposal to reduce the Sinking Fund. I will take the last criticism which the right hon. Gentleman (Mr. Austen Chamberlain) directed against our proposal, that is the criticism which he made of our estimates. He suggested that the Government

were forced to resort to this expedient of further reducing the Sinking Fund because their estimates had proved wrong. That is not the case at all. For the purpose of the estimate you have to treat the Budget as having been carried in its original form.

Original Estimates were not wrong

Well, supposing we had made no alterations at all—and that is the only way you can check the accuracy of my original estimates—what would have been the position? I should have had increase from taxation of £1,800,000. I should have had a decrease on one item of £800,000, so that, so far from having over-estimated, I would have under-estimated by £1,000,000. I would have been £1,000,000 to the good, instead of being £200,000 to £300,000 to the bad. Therefore, if I am forced to the expedient to-day of asking that there should be a further reduction in the amount set aside for the Sinking Fund, it is not because the estimates were wrong. Quite the reverse. I should have had a balance of £1,000,000 had no alterations been made in the Budget, and I am driven to this purely and simply because of what took place in the course of the discussions on the Budget. The Government made concessions—very substantial concessions, and some of them I think very liberal concessions—to the criticisms which were directed to our proposals, not from one side of the House only, but from several quarters. It is purely and solely for that reason that I have been driven to-day to ask another £500,000, in addition to the million which the surplus provided. Besides, there are some supplementary estimates which were not foreseen at that time.

Unfair Criticism of Opposition Press

It is not because our estimates were wrong that we are moving this reduction. I say so, not so much because of what has been said in this House, but because of the unfair criticism in some of the more responsible papers of the Opposition. They take the line of saying that the Government made a mistake in the estimates, and that we are now coming to the House of Commons and asking them to redress it, by taking this sum out of the Sinking Fund, whereas the fact is that my original proposals if unaltered would have yielded a surplus of a million. There would have been no necessity to have recourse to the Sinking Fund if we had not made substantial concessions. I foresaw that we might have to do so. I foresaw that we could not possibly get a Bill of this kind through with the many new proposals in it which would excite opposition, without making numerous concessions here and there. I do not mind admitting quite frankly that when I fixed the Sinking Fund at £3,000,000 I was under the impression that I would have to ask for another £1,000,000 in order to meet the criticisms in the House. That was my view at the time.

Increase in Death Duties

I was saved the necessity of asking for the £1,000,000 as I originally anticipated owing to what the right hon. Gentleman (Mr. Austen Chamberlain) calls the happy accident of the increase in the Death Duties. The increase in the Death Duties, I may say, is not entirely attributable merely to the fact that one or two big estates have come in which might have come in any year. It is attributable partly to the very cause pointed out by

the Prime Minister, namely, to the improvement already effected in valuation.

Re-organisation of Valuation Department

One of the first things we did this year was to re-organise the Valuation Department. It is part of the permanent staff, and has at its head a very able and experienced officer, who has re-organised this Department. And the mere fact that we have not accepted too freely some of the accounts submitted to us has had a very appreciable effect, and in the course of a single week it has added as much as £100,000 to the amount collected. I do not say that it has added that amount every week. That fact shows that there is a great deal in the criticism of the Prime Minister, namely, that a re-valuation would make a very substantial difference even in the Death Duties. Land which has been passed as agricultural land we have discovered is valuable building land, and that has made a difference in the Death Duties, and a very substantial portion of the £1,300,000 is attributable to the fact that we have got an efficient Valuation Department. I am not criticising the old Department, because it was inadequately staffed, and could not do its work properly.

The Post Office Profits

Now we come to the Post Office. We could not possibly estimate that the Post Office was going to do so much better. Trade was very bad at the time, and the fact that the Post Office has done so much better is due to an appreciable improvement in trade. After all, the Post Office is the first place that feels any swelling in trade. During the last few years there

have been in connection with the Post Office certain adventitious aids to the revenue. We have not had this year these adventitious aids which we had two or three years ago. It is a perfectly healthy revenue. It is revenue that depends on the increase of business, and to that extent it is very gratifying that I should be in a position to announce that I am expecting an increase of at least £200,000 in the Post Office revenue by the end of the year. The same thing applies to stamps. I did anticipate an increase from stamps, but I could not possibly foresee the increase which we have had. It is very largely due to a movement in some branches of Stock Exchange business. There has been a very exceptional run on certain securities. The increase has been very largely attributable to that.

The Drop in Whisky

Then the right hon. Gentleman says: "Look at the very startling drop in whisky." The Noble Lord's theory of estimating is an extraordinary one, if I may say so. He says, "Had it not been for the fact that you have had this increase in the Death Duties you would have been £1,800,000 out of your reckoning." In reply to that I would say in the first place that we would not have been out of our reckoning at all. For this reason, the fact that we knew that this money was in hand enabled us to make larger concessions. We abated our taxes accordingly. He is reckoning the concessions as if they were part of the estimate which a Chancellor of the Exchequer ought to make when introducing his Budget. Surely that is a very preposterous thing to suggest. Apart from that, why should the Noble Lord simply say, "You have

no right to take into account those branches of the revenue which have increased above your estimate"? A Chancellor of the Exchequer must get all the discredit from an over-estimate, but he is not to get any credit from an under-estimate.

Method of Estimating

I should like to know who escapes? Can the Noble Lord name any Chancellor of the Exchequer of modern or more remote times who would escape from that very severe, stern rule which he has laid down for the guidance of present and future Chancellors of the Exchequer? I think that the right hon. Gentleman (Mr. Austen Chamberlain) hardly endorses that view. He might really like to take advantage of the more indulgent and more sensible rule that has applied to the question up to the present. After all, what happens is that in some branches of the revenue you will find that you were rather too sanguine, while in other branches of the revenue you will find that things have turned out better than you anticipated, and between them, somehow or other, the revenue balances. That is all you can hope for. It is the same in any branch of business you may go to. Take the law. The Noble Lord for years has been reckoning up his revenue. He says, "I think this year I shall get so much from such and such cases, and the fees for such and such cases will be so much." He would find at the end of the year that probably the process had been reversed. Curiously enough, all barristers tell me that it is somewhat about the same at the end of the year. There is a gradual increase, it is true, but you cannot possibly estimate in any branch of business how it will be distributed.

Take any branch of business, wholesale or retail, every man who is engaged in business will tell you that sometimes business is very much better in one branch than he ever expected, while another branch of the business, for some reason or other, does not do so well, but at the end of the year things are balanced—at least let us hope so. And that is really what has happened in my case. My grocers' licences have gone rather badly; I have not sold as much liquor as I anticipated. But the undertaking business has done very much better, and at the end of the year I find myself with a balance of about a million. That has really been the experience of every Chancellor of the Exchequer, and I do not think that it is right for the Noble Lord simply to take the £800,000 and to say that the other is purely an accident. That is not the case.

Whisky and Death Duties

Now I come to the question of the Whisky Duty. It is rather ominous that the year the Whisky Duty went down the Death Duty should have gone up. It is true that I over-estimated the Whisky Duty. It is equally true that I stood almost alone, I think, in the estimate which I put forward. The right hon. Gentleman says that I had special information with all my officials and all the statistics at my command, and therefore I was in a better position to estimate than any other man in the House. I could estimate forestalments more accurately because I had information. I might perhaps be able to estimate what stocks there are, though not nearly so well as those in the trade, as they had much better information than I had on that point. But one thing I could not

estimate better than anyone else was the effect on consumption. The whole point is: To what extent does the addition of a halfpenny on the glass operate as an inducement to people not to drink? I had no more means of estimating that than any other Member of this House. In estimating it is perfectly true that I made a very liberal allowance for decrease in consumption, so liberal that nobody, either in or out of the House, I believe, agreed with it. The officials could not estimate, and no Minister could estimate it accurately; and the more you think of it the more remarkable it is. I might reckon that a working man had so much money to spend on liquor and that if you increase the cost by so much he would restrict his expenditure on it. But it has gone beyond that, and gone considerably beyond that.

Recent Rapid Decrease in Consumption of Alcohol

I remember, in making my calculation, I assumed that the people who could afford it would not look at a halfpenny at all, and that they would buy exactly the same quantity of whisky, whether it was 3½d. or 6½d.—in quantity, I mean. But the working classes, I assumed, would probably purchase a smaller quantity. If a man had half-a-crown a week to spend on liquor, he would not spend more, but would consume less. I made a rough calculation, with such information as I had at my disposal, as to how that would affect the consumption of whisky as a whole, but I find the diminution has gone beyond that, and my information is now that not merely are there thousands of people drinking a percentage which, in proportion to the increase, is less, but some of them are

dropping it altogether, and some of them are barely drinking half what they were drinking before. Altogether it is a most extraordinary effect on the habits of the people. I am not here to apologise for that at all. I have heard of some districts in Ireland where the drinking of spirits has gone down by 70 per cent. I am informed that there are districts in Scotland, again, where it has gone down by 50 per cent., and I have had a communication in regard to the distillers of Glasgow that the consumption there has fallen by 36 per cent. during the month of September.

People have not been Driven to Beer

We find that the people have not even been driven to drinking beer. It is really almost unaccountable. It is not that they are being driven from one kind of alcohol to another, but that they have been driven out of alcohol altogether. That is very extraordinary, and I do not mind saying that it has gone beyond anything I anticipated. We thought at first it might drive people to lighter alcoholic liquors like beer, but beer is going down.

Wines and Hamburg Port

As far as wines are concerned there is no appreciable difference. We thought at first they might be driven to some stuff called Hamburg port, but there is not appreciable difference at all. The House of Commons will see what it really means. This is a very interesting matter, quite apart from the fiscal effect. I trust the House will regard this, I will not say from a purely party point of view, because it is a bigger thing than really arises out of the mere controversial

aspects of the question; but let us look at what will happen, as far as we can see. Our anticipations now are that the consumption of spirits, both of foreign and home manufacture, will go down by something between 20 and 25 per cent. That means that the decrease in the quantity of spirits consumed in this country will amount to eight or nine millions of gallons during this year. Anybody who considers what that means must realise that it involves an enormous improvement in the habits of the people. That is not made up by the fact that there may be an extra few gallons of Hamburg port; they are infinitesimal; they do not come into the reckoning compared with that enormous reduction. On the other hand, in regard to beer, they are drinking less than we anticipated. So the improvement all round is something gigantic.

Why Taxation of Alcohol is Desirable

I know that the Chancellor of the Exchequer's first consideration ought to be a financial one, but that is not strictly accurate so far as this tax on alcoholic liquor is concerned, and never has been. If hon. and right hon. Gentlemen will look at the whole history of the taxation on alcohol, they will find that every Minister has used the weapon of finance for the purpose of countering some excess in the drinking of some particular spirit.

The Destruction of Gin-drinking

I think that was the way gin-drinking was destroyed in this country. Whenever it was found that there was an excess in some particular form of alcoholic indulgence, it was, through the Chancellor of the Exchequer for the time being, that legislation was

introduced, and, what is more, legislation of that kind has always been more effective than purely restrictive legislation. I am only stating that as having been the fact up to the present.

The Case of Scotland

Somebody told me, I do not know whether it is true or not, that Scotland is supposed to have been a whisky-drinking country from the days of the Deluge, but Scotland has only quite recently taken to drinking whisky, and until modern times it used to be a beer-drinking country. It was driven from beer to whisky by taxation. They were driven from strong ale to stronger whisky, and now they have been driven from whisky by the tax to lighter beer. It looks at present as though there might be no drinking of intoxicants at all—however, I am not quite so hopeful as that. That really has been the case with all Chancellors of the Exchequer in the past. They have not arranged their taxation upon alcoholic liquor merely from the revenue producing point of view. Why do you charge port wine and the heavier alcoholic wines more than the lighter clarets? It was done as a temperance measure, and not as a fiscal measure.

Mr. Gladstone and French Wines

Mr. Gladstone always claimed that as one of his objects. It is true that there was some dealing with regard to French wines for purposes of commercial negotiations, but Mr. Gladstone always managed to use high principles, and at the same time to make them pay as he went along. Undoubtedly it had a good temperance effect, and did drive people out of drinking alcoholic wines

into the lighter wines. At any rate there is no reason why whisky should be charged such a very heavy duty, apart from this 3s. 9d., eleven shillings on its alcohol, and beer on its alcohol an infinitesimal amount. That is not done for purely fiscal reasons, it is done because it is recognised on the whole that if there is any discouragement to be introduced as an element of taxation, it is rather better that you should encourage the drinking of lighter alcoholic beverages than that they should drink whisky.

Beneficial Results of Budget

I am sure it will appeal to everyone that it is much better, if alcohol is to be indulged in, that it should be indulged in in the lighter form rather than in the stronger form. That is the view taken by the Government. We are getting enormous taxation either "in malt or in morals." I have lost £800,000 of estimated revenue, but undoubtedly a very great improvement has been effected in the habits of the people. Whether it is going to be permanent or not is a totally different matter. I believe a very considerable part has come to stay, and it is the view of those who are engaged even in the trade, that probably as much as 20 per cent. of the reduction in the consumption of spirits in this country will be permanent so long as they are not driven to those expedients of drinking Hamburg port. If they are, then that has got to be dealt with, and must be. I think there is no danger of that. A right hon. Gentleman said last night that it was purely the moderate drinker that had given up drinking whisky. That is not the case, as anyone will see on looking at the results

as far as arrests for drunkenness in Glasgow show. Those are not moderate drinkers; on the contrary they are men who have done themselves well, and who have got to be taken care of by the police of Glasgow.

Improvements Effected in the Habits of the People

The decline in the arrests for drunkenness shows that while the Whisky Tax falls short of the estimate by £800,000, as far as the revenue is concerned, it has given us something more infinitely valuable from the point of view of the improvement it has effected in the habits of a very large proportion of the people. That is bound to react on the revenue; I do not mean to say in tea drinking and sugar and other commodities, but generally in the improvement of the condition of the people. That counts to the revenue in the aggregate. The only other word I have to say is that I regret very much that any man should be thrown out of work. Whether it is in barley-growing or malt distilling it will cause a good deal of temporary distress, and one must regret it, but at the same time you must take into account what it all means. Eight or nine million gallons less of whisky spirits consumed by the people may mean less work for a few thousands, I should say a few hundreds, of people, probably agriculturists, barley growers, and those working in the malt distilleries; but it will increase enormously the comfort and the happiness of hundreds of thousands of homes; and from the point of view of employment the money that is saved in this, after all, goes into employment. If men do not spend their money on whisky they spend it on clothes and food, and all that means

employment, and means more employment. From that point of view, although one greatly regrets that there are even a few hundreds of people out of their living, it will mean so much more employment to the rest that, although I quite recognise that I am £800,000 out of my reckoning, I cannot pretend that I really regret it.

Future of Land Taxes

With regard to the Land Taxes I have nothing to say except what I said before, that the Land Taxes are not raised merely for the sake of the £600,000 which we hope to obtain from them this year, but that they are laying the foundation of a big future revenue. Every Succession Duty is not revenue for the current year, but revenue for the next years. When Mr. Gladstone brought in his Succession Duty Bill in 1853 it was not for raising the revenue for that year, but for five years. He thought it would get rid of the Income Tax, and it was part of a great five years' scheme. That is the principle of the Legacy Duties. Whenever you imposed them you imposed them not for the current year, but for the next year. I said when I was introducing my Budget that I had taken not merely the expenditure for this year, but the expenditure certainly for the next year. Even in the case of the "Dreadnoughts" which you are laying down this year the real expense will be next year, so that when the revenue comes in from the Land Taxes next year it will be revenue that will be used just as much for "Dreadnoughts" as for old age pensions.

Summing up

I think the revenue has turned out extraordinarily well. Whisky alone

has disappointed us. All the other taxes, Income Tax, Tobacco, Stamps, Death Duties; all those other taxes, most of them taxes that show growing wealth and prosperity, those are doing well. Those are exceeding our anticipations, and had it not been for the fact that in the course of pulling this Bill through the House of Commons the Government had made concessions to various demands made upon them, it would not be necessary for me at all to move this. On the

contrary, I should be rejoicing now in the prospect of a very handsome surplus; but I do not regret that those concessions have been made. We have done our best to meet every case of hardship pressed upon us. We have met a very considerable number of them, and for that reason I have no hesitation in saying that the House of Commons would do wisely at the present moment to reduce the sum for the service of the Debt from 25 millions to 24½ millions.

CHAPTER V

TRADE PROMOTED AND UNEMPLOYMENT LESSENERD BY THE PEOPLE'S BUDGET¹

Budget Six Months in the Commons

We have been engaged on the consideration of these financial proposals for something like six months. I do not believe there has ever been a Budget presented in this country which has been more carefully examined, both before and after its introduction. I think I can say with sincerity that I do not believe a Chancellor of the Exchequer and his officials ever took a longer time over the preparation of a Budget before it was introduced, and I am perfectly certain that no Cabinet ever subjected one to such a protracted examination. I say that by way of answering the suggestion that the Budget has not been well considered. Whether it is a good or a bad Budget, it was thoroughly examined and criticised both before and after its introduction. I think it a matter of congratulation that so contentious a measure as this has been carried through the House of Commons without the application of the guillotine, and without very much closure. Only on eight or nine occasions the line closure was applied. That is a matter for congratulation on the part of every man who is interested in the House of Commons as an assem-

bly for legislation. Now the guillotine has become an essential part of our machinery for every contentious measure. I always regretted it. I thought it was very undesirable from the point of view of the House of Commons. We decided to make the experiment of carrying this Bill through without anything in the nature of guillotine closure, and I am very glad to think, as a Member of the House of Commons, that, although we are sitting here in the month of November, we have, at any rate, succeeded in doing that.

So far from being cut up the Bill has
grown

I said that this Bill had been subjected to very close scrutiny in this House. I am not responsible for that. The right hon. Gentleman the Member for East Worcestershire (Mr. Austen Chamberlain), if he will allow me to say so, has criticised the measure fairly, and in no part of the House of Commons is the spirit of fairness with which he has conducted his criticisms been more admired than on this side of the House. In his speech, when moving the rejection of the Bill, the right hon. Gentleman said it had been considerably cut up. I do not think so. So far from being cut up it has rather grown. It is considerably stouter, and

¹ Finance Bill: Third Reading, 4th November.

DEFENDING THE KID.



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I think on the whole it has been considerably improved by this process of forcible feeding which has been applied to it by the right hon. Gentleman. He applied a classical illustration as to its having been cut up and boiled in a pot. The classical simile I would apply would be rather a different one. I would say that the changes which have been made in the Bill are rather in the nature of sops to Cerberus. I hope in this atmosphere of personal recrimination neither the Leader of the Opposition nor the right hon. Gentleman (Mr. Austen Chamberlain) will regard that as a personal reflection upon himself. In spite of all the very numerous and substantial sops, I am still told that there is considerable doubt as to whether my poor Bill will get out of Hades. Not merely has the Bill been subjected to severe criticism in the House of Commons, but it has received severe criticism outside, and we have done our best sincerely to meet everybody's criticism so far as we could go consistently with the principles which we had laid down.

There are just one or two observations I would like to make generally on the Bill before it leaves the House of Commons. Admittedly it is very difficult to say anything new when you have been talking about it for six months, and, therefore, anything that I say will be rather in the nature of summing up than in the nature of the introduction of fresh matter.

The Need for the Money

The first observation that I would like to make is this: No one now challenges the need for raising £16,000,000 of money. On the contrary, it is admitted by all parties. In fact, any one who doubts that the other side are just as anxious as we are to raise the money

runs considerable risk of being called names. I am only putting it in order to show that, at any rate, there is complete agreement established between both sides of the House as to the need of raising this sum of £16,000,000. I recollect when the Bill was first introduced there were two charges brought against the Budget as a financial proposition. One was that we underestimated our revenue; the second was that we had overestimated our expenditure. I do not think that any one now, after six months' experience, would repeat either of those two criticisms. Quite the reverse. The revenue, with the exception of the Death Duties, has run the usual course in these cases. Therefore, at the end of six months we are confronted with this fact as an accepted one, as common ground to both parties—that we have got to find £16,000,000 this year. But there is another fact which is equally important when we come to consider the character of the taxes, and that is that the £16,000,000 this year must necessarily swell into something considerably more next year. That also is common ground. What is responsible for that?

Fall in Drink Revenue

There is first of all the steady normal fall in the drink revenue which, at any rate for the moment, has to form part of the necessary calculations for every Minister responsible for the revenue. There has been a steady fall for years. That has got to be taken into account next year.

"Dreadnoughts"

Then there is the automatic increase in the "Dreadnought" account. Apart altogether from any controversy of

whether we are going to have 4 or 8, or 12, the mere fact that we have laid down four this year involves an increase in the expenditure next year.

Old Age Pensions

Then there is the natural growth of the old age pensions. There is the question, which both parties admit must be dealt with, of the removal of the pauper disqualification.

Unemployment

There is the unemployment and sickness insurance, which I do not think is challenged by any political party in this House; and there is the increased grant for development. All that involves next year a very considerable increase in revenue, something that runs into millions, as I pointed out. All that is ignored when we come to consider the character of taxes. I want on this, the last opportunity which we shall have of discussing the Bill, that the House should bear that in mind, because it is very relevant to the consideration of some of the criticisms that have been passed on the taxes for their non-productivity this year. The taxes have been arranged with a view to meeting the situation, with a view to providing £16,000,000 this year, and with a view to providing the larger sum which will have to be met next year and the following year.

Income Tax

What are the taxes, the remaining yield of which will inure to the Exchequer this year? There is the 2d. increase. That will come in this year.

Licences

Then there are the licences. The whole of those will probably come in during the course of the current year.

Estate Duties

The bulk of the Estate Duties—I am referring now to Estate Duties and not to the old Death Duties—will come in this year, though they will grow next year.

Tobacco and Motors

Tobacco and motors will come in this year.

Super-tax

Next year and the following year the Super-tax comes in. This year we shall probably only get about one-fourth or one-fifth of the Super-tax.

Legacy and Succession Duties

The Legacy and Succession Duties will produce hardly anything this year. Next year they will produce millions.

Stamps

Stamps this year will probably produce about £400,000 or £500,000; next year they will produce considerably over £1,000,000.

Land Taxes

Land Taxes this year on a balance will produce, I think, about £75,000; next year they will produce very much more, and that will be a growing sum year after year, until it becomes a very substantial part of the revenue.

I only want to show that these taxes are not to be judged merely by what they are going to produce this year, because if the House will take Legacy and Succession Duty I doubt very much whether they will produce £75,000 this year. They will attain a big yield next year. The same thing applies to Land Taxes and to some of the other taxes. We have

to raise £15,000,000 or £16,000,000 additional this year. It may be over £20,000,000 next year. What contribution have the Opposition made towards finding that sum? What contribution have they shown their readiness to make? They have opposed in their turn every tax which yielded anything. The only recommendation for a tax was that it did not produce anything. But of the taxes that would bring in the money towards meeting this £16,000,000 they would give us none.

Objections to the Taxes

The Income Tax was challenged; and the Super-tax was objected to because it taxed the rich. The twopenny Income Tax was objected to because it taxed the middle classes. The Tobacco Tax was objected to because it taxed the working classes. One tax was objected to because it taxed capital, and another tax was objected to because it taxed income. Spirits were objected to because the drinkers had to pay. Tea was voted against because, I suppose, teetotallers would have to contribute to it. One tax was objected to because it fell on Ireland and Scotland. The threepenny duty on beer was objected to, I suppose, because it fell on England. Where was the money to come from? Not from rich, nor middle class, nor poor. Not from England, Scotland, Ireland, nor Wales; neither from capital nor income; neither from teetotallers nor drinkers.

"Tariff Reform"

We were to raise the £16,000,000, but nobody was to contribute a penny towards it. The answer, I think, is,

"Well, tax the foreigner." It is rather remarkable that they kept clear of this suggestion until we came to the peroration of the speech on the Third Reading rejecting the Bill. And the only Member of the House who has elaborated his proposal who has had the courage to do so was the hon. Member for Ludlow (Mr. Rowland Hunt). Apart from him, we have only had vague suggestions. For six months we have been examining all these proposals that were objected to in their turn, and the only suggestion made has been a vague suggestion that somehow or other, if we could not get it from any citizens in this country, we ought to get it from the foreigner. There never was a more futile and a more phantom proposal. I will only say one word about it. If we really paid the tariff of Germany and the United States, there would be something to say for it. If the prices were regulated in such a way that articles would be cheap where tariffs were high, and prices higher in countries where the tariffs were less, there would be something to say for it. For instance, if a manufacturer or merchant in this country were to charge a home consumer the full 100 per cent., and charge the Germans 75 per cent., and charge the Americans 50 per cent., of any price, there would be something to be said for it. When it comes to Russia, I do not know what would be said, because there the tariff reaches 100 per cent., and you would have to give them the article for nothing.

The Foreigner Pays his own Tariffs

As a matter of fact, it is a perfectly absurd suggestion. The foreigner pays his own tariffs, and pays it twice

over. He not only pays the increased cost of materials, but very often that increased cost of material keeps his manufactured goods out of neutral markets, and he has got to put on an extra price for those goods at home in order to sell to the foreigner cheaper than otherwise he would have done.

Tin-plates

It is just like the steel billets and South Wales, which are a very good case in point. Our competitors sometimes sell under cost price while charging their own people double price. This enables the tin-plate workers of South Wales to sell their tin-plate in the United States of America and get over the tariff in the United States. In the United States of America they charge their own people an extra price and Germany charges an extra price, and that enables the British tin-plate manufacturer to get in between them and reap the advantage. As a matter of fact, the foreigner himself pays his own tax. Yet that is the only suggestion that has been made.

I now ask, what is the real criticism against the proposals of the Budget? I have noticed during the last few weeks that as far as the bulk of the taxes is concerned the criticism has weakened very considerably. Criticism has been directed rather to two taxes of the Budget—the Land Tax and the Licence Duties. If the House will bear with me I would like to say a few words on those two taxes. Are those taxes really unjust?

The Licence Duties

With regard to the Licence Duties we are simply extending to the higher assessments the scale which is now in operation for the lower assessments by 50 per cent. I do not think it is

too much to charge when we consider the value which is conferred by the monopoly given by the State. If we look at the very remarkable figures of the sales which took place in Newport a few days ago of licensed premises, I think we shall realise that there is not very much of a grievance so far as those premises are concerned. Houses of about £30 rateable value sold at £5,000 and £6,000. What is that value? That is not a value which is attributable to goodwill created by the holder. It is purely value created by the monopoly which is conferred by the State. I do not think, when the State is in need of money, that it is too much to ask that a contribution of this kind should be levied upon property the value of which has appreciated so enormously owing to the monopoly that has been created by the State.

The Land Tax

I come, therefore, to the question of the land, which occupied most of our time. The real challenge of the Opposition is upon the land. We occupied the whole of the months practically from April up till September in discussing the land question. The Second Reading turned entirely upon the land, and most of the Debates in Committee were on the land—I mean, the Committee on the Resolution, and certainly most of the time occupied in the Committee Stage of the Bill. Is the land taxation unjust?

The Undeveloped Land Tax

Take, first of all, the Undeveloped Land Tax. What is that tax? It is purely a tax upon the real value of the land. At the present moment land does not contribute on its real value in urban areas, and all we do is to

ascertain the real value of the land, and charge practically a shilling in the pound upon that. It is not an extra tax. It is not an additional tax, because there is a deduction now in respect of agricultural value, which contributes its 1s. or its 1s. 2d. That is deducted when you come to the rating of the land, and the halfpenny tax is upon the value which escapes taxation altogether at the present moment. I consider that to be a perfectly fair proposition, and I think there are Members of the Opposition themselves who have admitted that in the past. Take those Gentlemen who are Members of the Opposition who supported the Bill of my hon. Friend the Member for the Elland Division (Mr. Trevelyan) for the taxation of ground values. How can they say that it is spoliation and confiscation to impose a halfpenny upon land values when they themselves were prepared to vote for a Bill which imposed a much heavier tax upon land values?

Bill for Taxation of Ground Values

What did the Bill propose? It was a much more drastic one than this, which we put in the Budget. It was a proposal to value all the land of the Kingdom. No deduction was made in respect of the value created by enterprise, as we have done in the Budget. No deduction was made in respect of land which has been fully developed, as we have done in the Budget. All land was rated at its full value. What would have been charged upon it? Not a shilling, but the full rate, would have been charged upon it—in some cases 5s., 6s., and 10s. in the £. Several hon. Members of the Opposition sitting behind him voted for that Bill. How on earth can they find it in their hearts to vote

against the much milder propositions submitted by the Government in this Budget? I should like to hear an explanation. The only explanation we have had is from the hon. and learned Member for the Walton Division (Mr. E. E. Smith). The hon. and learned Gentleman tried to explain how it was that he had pledged himself to support the principle of land values. He voted against it in this House. It was part of his election address. And his explanation is that he did not object to the taxation of land values, but that he only objected to the objects to which the tax is to be applied. He wanted them used, not for pensions, but for municipal purposes. As long as the money went to gas and gutters the tax appealed to him, but when it was for pensions and "Dreadnoughts" and things of that kind, he could not find it in his heart to support the Bill. That is one of the most unsatisfactory and one of the lamest excuses that has ever been given in this House for a man not carrying out his pledges. The hon. and learned Member for West Derby (Mr. Watson Rutherford), one of the protagonists of this sort of tax, supported, and told for the Bill of my hon. Friend, and he made a strong speech for it. He said it was about time that the owners of these great ground values should contribute. He gave some very striking instances then, but in regard to our proposals he has criticised; he has opposed; he has used his great knowledge to thwart and embarrass us, and he has never given us the slightest support. The very first time any effort has been made by any Government to put his principle into practical operation he devotes the whole of his knowledge and ability to making it impossible. All we have done is that we have just set up the

principles we advocated in Opposition and embodied them in a Bill. So much for the Undeveloped Land Tax.

The Increment Tax

Let us take the other tax which, I am told, smacks of Socialism—the Increment Tax. It is rather remarkable, if the Increment Tax be considered Socialistic, that the economist who took the most leading part in advocating it was John Stuart Mill, who was certainly not a Socialist. What is the injustice of the Increment Tax? I will just give one or two illustrations, and then invite the House to take into contemplation and express an opinion in what respect it is unfair to charge Increment Tax.

Sheffield as an instance

Take the city of Sheffield. In one respect the town of Sheffield, under this Bill, has what is peculiar to a great town, but by no means peculiar to a rural district. A very large part of it is built upon land which was formerly common land, but which has been enclosed. There are 63,000 acres of common land enclosed within 12 miles of the parish church of Sheffield. A good deal of that land is now valued, and the best known streets of Sheffield are built upon that common land. There is one enclosure award, a copy of which was sent to me the other day, which gives as the reason why the land should be enclosed that it was "incapable of improvement." So it was enclosed. It was advised that the landlords should take it over, and assume the burden upon themselves. I am not going to mention names, but I need hardly say there was a duke in it. What has happened to the land since—this land which was incapable of improvement? It has been improved. There are some very notable streets in

Sheffield built upon it. Who made the value? Not those who took it over. The town of Sheffield grew on the industry and enterprise and energy of its inhabitants and its manufacturers. The population of Sheffield grew, and they wanted houses; they wanted not only houses, but they wanted shops and factories; and for shops, factories and houses you want land. Then this enclosed land, this unimprovable land, became useful. Part of the prosperity of Sheffield is due to the expenditure out of Imperial funds of money for armaments and armour plates for ships. That has a bearing on its prosperity. All the money which was poured into Sheffield for the purpose of bringing work will have gradually gone into the enclosed land to help to improve its value, so that the Imperial Treasury has contributed something to the increment of that unimprovable land. What I ask is this, When the State is in need of money for armaments and for social needs, is it unfair to ask the owners of this property to contribute a share, and a substantial share, of all the further increment that accrues to them, not from their own efforts, not from their own exertions, not from any investments which they make, but purely from the growth of the community of Sheffield? I say it is a perfectly just and fair tax. I say more than that—I cannot conceive a more just tax, and I cannot conceive a more shabby opposition.

Do the Inhabitants of a Town reap the Benefits of its Prosperity

Then I am told that they are the owners of this common land and that the people reap the benefit from the growth and prosperity of Sheffield. That is a point that has been pressed more than once by the Leader of the

Opposition, about there being no distinction between the increment which accrues to the landlord and the increment which accrues to other members of the community, and also by the hon. and learned Member for Edinburgh. That is a fair controversial point, and a point that ought to be met. Let us take that case, and it is far better to argue this not upon abstract principles but by reference to some concrete case. I take the Sheffield case. Hon. and right hon. Gentlemen opposite may say, Does not the tradesman in those streets benefit by the growth and prosperity of Sheffield? Does not he reap some of the social value? Let me point out at any rate three very important distinctions between him and the landowner. In the first place they do not start equal. If the tradesman had had a Parliament of grocers that voted to him his capital on the ground that nobody else could make any use of it, there might be something to say, just as the land was voted by a Parliament of landlords. But there is another distinction—the tradesman at any rate contributes by his enterprise, by his industry, and by his assiduity to that prosperity which enriches the community as a whole. The other point is this—the tradesman may have another trader starting next door, and who may take away the whole of his business. The more competition the trader has, the worse it is for him, but the more competition the landlord has, the better it is for him. If the trader has a number of rivals setting up in the same street, he has got to put down his prices. If the landlord has a number of people competing in the same street, he doubles his prices. That is a very essential difference. It is the fact that it is a pure monopoly that makes the real difficulty.

A Case from South Wales

I will give another case. There is a town in South Wales where there are works of either steel or copper. They wanted a bit of ground for their rubbish; they took a lease of some slob land in the estuary, absolutely slob land covered by the tide, and, therefore, of no use. They paid for permission to tip rubbish into that swamp, and gradually hard, solid ground was formed. And now the landlord is letting that for building leases, and getting from 30s. to £2 per house.

The Landlord charges for allowing others to Develop

Here is what I want to point out: In this case the landlord not merely does not develop, but he actually charges a price for allowing another person to develop. He not merely does not make this building land, but he charges the other person for permission to make it building land, and receives probably what runs to £20 or £30 per acre for that which was absolutely worthless, and which was really not land at all, and for land created by the energy and at the cost of others. Is it really unfair, when an increment of that kind is created without any enterprise on the part of the landlord, to say, "Here, you have got to contribute something out of that to the expenditure of the State"? I think that is a perfectly fair proposition. Put it as against what would happen if you did not raise the money by this means. The burden would necessarily be increased upon the shoulders of somebody else, probably the owners of those works might have paid their extra penny or twopence, and now I am not talking about the £70,000, but about the

revenue when it matures. It would probably mean an extra twopence on the works, and is it not fair that the landlord should contribute out of his increment rather than that you should put an extra burden on the owners who have spent so much capital, energy, and enterprise, and have taken so much risk in developing the industry of the district. I simply mention those two or three cases. Everybody can multiply them from his own experience.

Mining Royalty

Let me come to mining royalty. What happens in the case of mining royalty? There are a good many of those mines which were enclosed; and really it is not without its significance for anyone who reads the history of the Enclosure Acts that this occurred during the period of the Napoleonic wars, when a good many of the people interested in them were away. Take some of these cases. Sixpence per ton charged as royalties, and ground rents of from 30s. to £2 charged in respect of the houses, what does that mean? It means that the miner has got to make, that every miner in the country has got out of his labour every week to contribute 3s. 4d. to mining royalties. He has to find a house for himself, he pays 30s. ground rent, which is about 7d. per week, so that he pays 4s. per week for the right to labour and to live in the district. What I say is, that when you are asking for money for the purposes of setting up a fund for pensions for those miners, and a sickness fund, and an unemployment fund, is it too much to ask that out of that 4s. which they contribute out of their wages, something which is not $\frac{1}{2}$ d. per week should be given by the landowners?

A Perfectly Fair Tax

Who says that that is unjust, who says that is robbery? I say that the man who objects to pay is a mean man. It is a small contribution to make when those men run such risks as we know they do. Why should hon. Members protest against that? Is it not an essential element, especially when you are providing a fund for sickness and invalidity? I do not think that anyone who read the accounts of what happened last week has a right to protest, and I do not think any right-minded royalty owner, and I know royalty owners who take this view, and great royalty owners who take this view, will fail to regard it as fair to contribute this halfpenny per week.

Those are the reasons for which I think it is a perfectly fair tax, but I am told "it is not merely for fiscal purposes you are imposing the tax; you have got subsidiary purposes." Does it lie in the mouths of Tariff Reformers to object to that? Their view is that their tariff is not for revenue—that it is for protection, that it is for industry. They do not recommend it on the ground of producing revenue; they recommend it on the ground that it will produce employment, and that it improves industry. They do it for both purposes, and therefore it does not lie in their mouths to complain if other people do the same.

Probable Beneficial Results of the Land Taxes

I do not deny for a moment that there are subsidiary purposes which will be served by the Land Taxes. I believe, and I am not alone in that opinion, as I will prove by-and-bye, that they will have the effect of developing land—of opening up land. That

has been the effect wherever they have been applied. Take the testimony of New Zealand. This is what the Town Clerk of Wellington said about similar taxes there.

"The result of the first year's trial of this system is a very gratifying one. That which was claimed by its exponents has been amply fulfilled. It encourages improvement and stimulates the use of land, and secures the unearned increment to those who have added the values. It is only stating the fact——"

And I state this for those who say the building is affected—

"to say that much, if not all of the activity in building operations of the city and surroundings during the past year is due to the influence of this healthy measure."

I think we shall be able to say the same thing about this measure.

Unionists and the Land

I have got testimony here which I am certain hon. and right hon. Gentlemen opposite will regard as quite unimpeachable. Before the last election speakers on the other side of the House had a valuable guide as to what they were to say—"The Campaign Guide, 1904: A Handbook for Unionist Speakers." I turned to the taxation of vacant land in this handbook for Unionist speakers, and I recommend it to hon. Gentlemen for the next election, whenever it comes. It is really so valuable that I do not like to leave anything out of it:—

"It is natural that the friends of the working and middle lower classes should desire for them, and that those classes should desire for themselves more room to live in, more commodious dwellings, and more air and sunshine and light around them, and more relief from the burden of house rent which

probably in proportion to their incomes presses more heavily upon them than upon other classes of the community."

That is a very useful preface.

"No policy could be more fatuous than to meet these aspirations, when moderately pressed, with a blank *non possumus* or with a cry of 'robbery.'"

I really think hon. Members have forgotten, not only their pledges, but have also forgotten their arguments. This "Campaign Guide" for Unionist speakers goes on to say—

"A man may be quite justified as a matter of business to refuse in the meantime to let at a feu of £50 per acre land which he expects in a few years to let for a feu of £100, and to be content instead to let it for agricultural purposes at £3 per acre; but whether or not it is economically a sound policy, it is certainly not robbery to require him to make a contribution to the revenues of the community, on whose growth and prosperity he relies for the enhanced value of his property. . . ."

It sounds like a Limehouse speech. Really, I must apologise for this amazing act of plagiarism on my part.

"to make a contribution to the revenues of the community upon a scale which shall bear some relation to the return he might have obtained, but prefers in the meantime to forgo."

This is not a paltry halfpenny. It is really substantial. My Bill is only petty larceny compared with this. This is making ground landlords walk the plank. But here is the point—on the question of subsidiary advantages:—

"The proposal is advocated, however, not only on account of the advantage to the rates, but also because of its tendency to bring building

land into the market on reasonable terms. . . ."

They have got all the points.

"and thereby to encourage building, check overcrowding, and lower rents."

Where is the damage to the building trade now?

"It seems not unlikely that the system, if otherwise practicable, might have such a tendency, though perhaps its operation would not be as extensive as it is supposed."

That is the only qualification.

"This is an aspect of the question which should commend itself to the Unionist party."

I am now going to make an appeal to the right hon. Member for South Dublin (Mr. Walter Long). He is at the head of a great league. I think after this he must burn his literature. All the robbery and spoliation leaflets are really not compatible with this. Let him honestly circulate this. It will help him. That is the case put by the Unionist handbook, by the guide, philosopher, and friend of every man who survived the last Election.

Land Taxes will promote Trade

They are perfectly right. It will undoubtedly encourage building, because it will discourage those operations which trammel building. The 10 per cent. Reversion Duty will discourage the short leasehold system, which is the curse of building in this country. More than that. Everybody knows at the present moment it is not merely the difficulty of getting land, which is great enough; it is very often the stupidity, unintelligence, and prejudice of some individual, either landowner or land agent, which locks up a whole community. I am certain every landowner will admit in his heart that there is a good deal of that. The whole

community has its prosperity shrivelled up by the stupidity of one man. But it is not merely that. A man prospers in a particular spot; his trade outgrows his premises; he has got to extend them; he cannot help it; but he cannot extend his business without extending his lease, without acquiring fresh land. He is entirely in the landlord's hand. I say that this 10 per cent. duty will discourage that. But, what is still more: there is a part of the taxes which has been very little dwelt upon.

The 20 per Cent. Increment Duty

It is said that there is nothing new in the Bill. The 20 per cent. Increment Duty on death is new. That is my patent. For the first time it has been imposed in either this or any other country; and I have great hopes of it, because the moment these extortionate prices are demanded from individual traders and manufacturers in respect of land, there will always be a fear that if you charge specifically in respect of one building in a row, you may escape selling, you may escape leasing, but you must part with your property one day, and the valuation for the whole row will be adjudicated according to the demand which you yourself have made.

The Claims of the Budget

I claim for this Budget that by it we have provided revenue, ample and adequate, for objects which make for the security of the State and the well-being of its people. We have done it by means which, by discouraging, and, I believe, eventually destroying the trammels that burden industry and trade at the present time, will do great things for the enrichment not merely of one class but of all classes of the community.

FINANCE BILL

[AS AMENDED IN COMMITTEE AND ON REPORT]

ARRANGEMENT OF CLAUSES

PART I.

DUTIES ON LAND VALUES.

INCREMENT VALUE DUTY.

Clause.

1. Duty on increment value.
2. Definition of increment value.
3. General provisions as to collection of increment value duty.
4. Collection and recovery of duty in cases of transfers and leases.
5. Collection and recovery of duty in case of death.
6. Collection and recovery of duty in case of property held by bodies corporate or unincorporate.
7. Exemption for agricultural land.
8. Exemption of small houses and properties in owner's occupation.
9. Special provision for increment value duty in the case of land used for games and recreation.
10. Provision as to Crown lands, &c.
11. Special provision as to flats.
12. Provision as to claims for deductions.

REVERSION DUTY.

13. Reversion duty.
14. Exemptions from reversion duty, and allowances.
15. Recovery of reversion duty.

UNDEVELOPED LAND DUTY.

16. Duty on site value of undeveloped land.
17. Exemptions from undeveloped land duty, and allowances. [Bill 350.]

Clause.

18. Exemption of small holdings from undeveloped land duty.
19. Recovery of undeveloped land duty.

MINERAL RIGHTS DUTY AND PROVISIONS AS TO MINERALS.

20. Mineral rights duty.
21. Deduction of duty in case of intermediate leases of minerals.
22. Special provisions as to increment value duty and reversion duty in the case of minerals worked or leased.
23. Application of provisions as to total and site value to minerals.
24. Definition for purpose of mineral provisions.

VALUATION FOR PURPOSES OF DUTIES ON LAND VALUES.

25. Definition of values of land.
26. Valuation of land for purposes of Act.
27. Ascertainment of the original site value of land.
28. Periodical valuation of undeveloped land.
29. Assessment of duty on separate parcels of land and apportionment of valuation.
30. Duties of Commissioners as to keeping records and giving information.
31. Information as to names of owners of land.
32. Determination of value of consideration.

APPEALS.

33. Appeals to referees.
34. Appointment of referees to hear appeals.

SUPPLEMENTAL.

Clause.

35. Exemption for land held by rating authorities.
36. Deduction from increment value of sum paid to rating authority in respect of increase in value.
37. Special provision for land held for charitable purposes, &c.
38. Special provision for statutory companies.
39. Power to charge duty on land in certain cases.
40. Application of Part I. to copyholds.
41. Definitions.
42. Application of Part. I. to Scotland.

PART II.

DUTIES ON LIQUOR LICENCES.

43. Duties on excise liquor licences.
44. Valuation of licensed premises.
45. Reduction of duty in case of hotels or restaurants.
46. Distribution of payments on account of licence duties in certain cases.
47. Reduction of monopoly value payments in certain cases.
48. Duty on statement of purchases of intoxicating liquor to be supplied to a club.
49. Grant of licences and date of expiration of licences.
50. Penalties.

GENERAL.

51. Relation of licences granted under Act to licences abolished.
52. Definitions.

TEMPORARY PROVISION.

53. Temporary provision as to expiration of licences.

PART III.

DEATH DUTIES.

54. Amended rates of estate duty and settlement estate duty.
55. Limitation of relief from estate duty in respect of settled property.

Clause.

56. Power to transfer land in satisfaction of estate duty, settlement estate duty, or succession duty.
57. Limitation on debts deductible from value of estate.
58. Amendment of rates of legacy duty and succession duty.
59. Provision as to gifts and dispositions inter vivos.
60. Amendment as to value of property.
61. Special provisions with respect to certain classes of property.
62. Deduction of amount paid for increment value duty from value of estate for purposes of estate duty.
63. Extension of exemption of objects of national, scientific, or historic interest.
64. Protection of purchasers and mortgages of interests in expectancy.

PART IV.

INCOME TAX.

65. Income tax for 1909-1910.
66. Super-tax on incomes over £5,000.
67. Further relief in respect of earned incomes.
68. Relief in respect of children.
69. Extension of relief from income tax under Schedule A.
70. Extension of exemption for provident funds of friendly societies and trade unions.
71. Exemptions and abatements in case of persons not resident in the United Kingdom.
72. Special provisions as to assessment of super-tax.

PART V.

STAMPS.

73. Stamp duty on conveyances or transfers on sale.
74. Stamp duty on gifts inter vivos.
75. Stamp duty on leases.
76. Stamp duty on marketable securities.
77. Alteration and extension of duty on contract notes.
78. Obligation to execute contract note.
79. Extension of provisions as to contract notes to sale or purchase of options.

PART VI.

CUSTOMS AND EXCISE OTHER THAN
LIQUOR LICENCE DUTIES.

Clause.

80. Duty on tea.

81. Additional Customs and Excise duties on spirits.

82. Additional Customs duty on beer.

83. Duties and drawback on tobacco.

84. Duty on motor spirit.

85. Exemptions and allowances in respect of the duty on motor spirit.

86. Duty on licences for motor cars.

PART VII.

PROVISIONS AS TO PAYMENTS TO
LOCAL AUTHORITIES AND TO ROAD
IMPROVEMENT ACCOUNT.

87. Payments in respect of monopoly value to go to Exchequer.

88. Payments into local taxation account in respect of liquor licences, and provisions as to duties on motor car licences.

89. Collection of motor car licence duties in Ireland.

Clause.

90. Payment of duties on motor spirit and motor car licences to road improvement account.

91. Payment of half the proceeds of the duties on land values for benefit of local authorities.

PART VIII.

NATIONAL DEBT.

92. Reduction of permanent annual charge.

PART IX.

GENERAL.

93. Application of existing enactments to licences granted under this Act.

94. Laying of rules and regulations before Parliament.

95. Penalty for making false statement or representation.

96. Repeal, construction, and short title.
SCHEDULES.

A BILL

[AS AMENDED IN COMMITTEE AND ON REPORT]

TO

Grant certain Duties of Customs and Inland Revenue (including Excise), to alter other Duties, and to amend the Law relating to Customs and Inland Revenue (including Excise) and the National Debt, and to make other provisions for the Financial Arrangements of the Year.

Most Gracious Sovereign,

WE, Your Majesty's most dutiful and loyal subjects the Commons of the United Kingdom of Great Britain and Ireland in Parliament

assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties herein-after mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I.

DUTIES ON LAND VALUES.

DUTY ON INCREMENT VALUE.

1. Subject to the provisions of this Part of this Act, there shall be charged, levied, and paid on the increment value of any land a duty, called increment value duty, at the rate of one pound for every complete five pounds of that value accruing after the thirtieth day of April nineteen hundred and nine, and—

- (a) on the occasion of any transfer on sale of the fee simple of the land or of any interest in the land, in pursuance of any contract made after the commencement of this Act, or the grant, in pursuance of any contract made after the commencement of this Act, of any lease (not being a lease for a term of years not exceeding fourteen years) of the land; and
- (b) on the occasion of the death of any person dying after the commencement of this Act, where the fee simple of the land or any interest in the land is comprised in the property passing on the death of the deceased within the meaning of sections one and two, subsection

(1) (a), (b), and (c), and subsection three, of the Finance Act, 1894, as amended by any subsequent enactment; and

- (c) where the fee simple of the land or any interest in the land is held by any body corporate or by any body unincorporate as defined by section twelve of the Customs and Inland Revenue Act, 1885, in such a manner or on such permanent trusts that the land or interest is not liable to death duties, on such periodical occasions as are provided in this Act,

the duty, or proportionate part of the duty, so far as it has not been paid on any previous occasion, shall be collected in accordance with the provisions of this Act.

DEFINITION OF INCREMENT VALUE.

2.—(1) For the purposes of this Part of this Act the increment value of any land shall be deemed to be the amount (if any) by which the site value of the land, on the occasion on which increment value duty is to be collected as ascertained in accordance with this section,

exceeds the original site value of the land as ascertained in accordance with the general provisions of this Part of this Act as to valuation.

(2) The site value of the land on the occasion on which increment value duty is to be collected shall be taken to be—

- (a) where the occasion is a transfer on sale of the fee simple of the land, the value of the consideration for the transfer; and
- (b) where the occasion is the grant of any lease of the land, or the transfer on sale of any interest in the land, the value of the fee simple of the land, calculated on the basis of the value of the consideration for the grant of the lease or the transfer of the interest; and
- (c) where the occasion is the death of any person, and the fee simple of the land is property passing on that death, the principal value of the land as ascertained for the purposes of Part I. of the Finance Act, 1894, and where any interest in the land is property passing on that death the value of the fee simple of the land calculated on the basis of the principal value of the interest as so ascertained; and
- (d) where the occasion is a periodical occasion on which the duty is to be collected in respect of the fee simple of any land or of any interest in any land held by a body corporate or unincorporate, the total value of the land on that occasion to be estimated in accordance with the general provisions of this Part of this Act as to valuation;

subject in each case to the like deductions as are made, under the general provisions of this Part of this Act as to valuation, for the purpose of arriving at the site value of land from the total value.

(3) Where it is proved to the Commissioners on an application made for the purpose within the time fixed by this section that the site value of any land at the time of any transfer on sale of the fee simple of the land or of any interest in the land, which took place at any time within twenty years before the thirtieth day of April, nineteen hundred and nine, exceeded the original site value of the land as ascertained under this Act, the site value at that time shall be substituted, for the purposes of increment value duty, for the original site value as so ascertained, and the provisions of this Part of this Act shall apply accordingly.

Site value shall be estimated for the purposes of this provision by reference to the consideration given on the transfer in the same manner as it is estimated by reference to the consideration given on a transfer where increment value duty is to be collected on the

occasion of such a transfer after the passing of this Act.

This provision shall apply to a mortgage of the fee simple of the land or any interest in land in the same manner as it applies to a transfer, with the substitution of the amount secured by the mortgage for the consideration.

An application for the purpose of this section must be made within three months after the original site value of the land has been finally settled under this Part of this Act.

GENERAL PROVISIONS AS TO COLLECTION OF INCREMENT VALUE DUTY.

3.—(1) On each occasion on which increment value duty is collected on the increment value of any land, such an amount of duty shall be deemed to be unsatisfied as the Commissioners determine, after giving credit for the amount of duty paid on previous occasions. The Commissioners shall make such apportionments and re-apportionments of any duty paid on previous occasions as they think necessary for the purpose of giving effect to this provision.

(2) Where increment value duty is collected on the occasion of the transfer or passing on death of the fee simple of any land, or on any periodical occasion in the case of land held in fee simple by a body corporate or unincorporate, the whole amount of the duty which is determined to be unsatisfied shall be collected by the Commissioners in accordance with rules made by them for the purpose.

(3) Where increment value duty is collected on the occasion of the grant of a lease, or on the transfer or passing on death of any interest in land, or on any periodical occasion in the case of an interest in land held by a body corporate or unincorporate, such proportionate part of the duty shall be collected as may be determined by the Commissioners to be payable in respect of the interest in land created, transferred, passing on death, or held, in accordance with rules made by them for the purpose.

(4) Where on the occasion of the death of any person the property passing on the death comprises settled land in which the deceased or any other person had an interest ceasing on the death of the deceased, then—

- (a) if the subject of the settlement at the time of the death is the fee simple of the land, increment value duty shall be collected as if the fee simple of the land passed; and
- (b) if the subject of the settlement at the time of the death is any other interest in the land, increment value duty shall be collected as if that interest passed;

but that duty shall not be collected on any such occasion if under the provisions of section five of the Finance Act, 1894, as amended by

any subsequent enactment, estate duty is not payable in respect of the settled land.

(5) For the purpose of the collection of duty on the increment value of any land under this section, the increment value shall be deemed to be reduced on the first occasion for the collection of increment value duty by an amount equal to ten per cent. of the original site value of the land, and on any subsequent occasion by an amount equal to ten per cent. of the site value on the last preceding occasion for the collection of increment value duty, and the amount of duty to be collected shall be remitted in whole or in part accordingly.

Any duty which by reason of this provision is remitted on any occasion shall not be collected and shall be deemed to have been paid :

Provided that no remission shall be given under this provision on any occasion which will make the amount of the increment value on which duty has been remitted during the preceding period of five years exceed twenty-five per cent. of the site value of the land on the last occasion for the collection of increment value duty prior to the commencement of that period or of the original site value if there has then been no such occasion.

(6) Increment value duty shall be a stamp duty collected and recovered in accordance with the provisions of this Act.

COLLECTION AND RECOVERY OF DUTY IN CASES OF TRANSFERS AND LEASES.

4.—(1) On any transfer on sale of the fee simple of any land or of any interest in land, or on the grant of any lease of any land for a term exceeding fourteen years, increment value duty shall be assessed by the Commissioners and paid by the transferor or lessor, as the case may be.

(2) It shall be the duty of the transferor or lessor, on the occasion of any transfer on sale of the fee simple of any land or of any interest in land or on the grant of any lease of any land for a term exceeding fourteen years, to present to the Commissioners, in accordance with regulations made by them, the instrument by means of which the transfer or the lease is effected or agreed to be effected or reasonable particulars thereof for the purpose of the assessment of duty thereon, and if the transferor or lessor fails to comply with this provision he shall be liable on summary conviction to a fine not exceeding ten pounds, and to pay interest at the rate of five per cent. per annum on any duty ultimately payable by him as from the date on which the instrument has been executed, but any person aggrieved by any conviction or order of a court of summary jurisdiction under this provision may appeal therefrom to a court of quarter sessions.

(3) Any such instrument shall not, for the purposes of section fourteen of the Stamp Act,

1891, and notwithstanding anything in section twelve of that Act, be deemed to be duly stamped unless it is stamped—

- (a) either with a stamp denoting that the increment value duty has been assessed by the Commissioners and paid in accordance with the assessment ; or
- (b) with a stamp denoting that all particulars have been delivered to the Commissioners, which, in their opinion, are necessary for the purpose of enabling them to assess the duty, and that security has been given for the payment of duty in any case where the Commissioners have required security ; or
- (c) with a stamp denoting that upon the occasion in question no increment value duty was payable ;

but where an instrument is so stamped, it shall, notwithstanding any objection relating to the increment value duty, be deemed to be duly stamped so far as respects that duty.

(4) Any duty assessed by the Commissioners under this section shall be a debt due to the Crown from the transferor or lessor, as the case may be, and for the purpose of calculating the amount of increment value duty to be collected on any subsequent occasion shall be deemed to have been paid.

(5) Regulations may be made by the Commissioners with respect to the mode in which any instrument is to be presented to them in order to be dealt with under this section, and for dispensing with the presentation of any instrument, or particulars thereof, in cases where arrangements are made for obtaining those particulars through any registry of lands, deeds, or title, or through a Register of Sasines, and with respect to the mode in which any application for a return of duty under this section is to be made ; and for the payment of any increment value duty by instalments in the case of any lease or transfer on sale where the consideration is in the form of a periodical payment, and the Commissioners shall deal with any instrument presented to them and allow payment by instalments in accordance with those regulations. The regulations shall provide that where the duty to be collected on the grant of a lease is payable by instalments, and the lease is determined before all such instalments have fallen due, the instalments which have not fallen due shall be remitted, and that in that case the amount of duty which, under this section, is deemed to have been paid shall be reduced by the amount of the instalments so remitted.

(6) In any case where increment value duty shall have been paid under the provisions of this section, but the transaction in respect of which the duty shall have been paid was subsequently not carried into execution, the duty shall be returned to the transferor or lessor

on his making application to the Commissioners within two years after the payment of the duty in accordance with regulations to be made by them under this section, and in that case the duty returned shall not be deemed to have been paid for the purposes of this section.

(7) Where any agreement for a transfer or agreement for a lease is stamped in accordance with this section, it shall not be necessary to stamp any conveyance, assignment, or lease made subsequently to and in conformity with the agreement, but the Commissioners shall, if an application is made to them for the purpose, denote on the conveyance, assignment, or lease the amount of duty paid.

COLLECTION AND RECOVERY OF DUTY IN CASE OF DEATH.

5. The provisions as to the assessment, collection, and recovery of estate duty under the Finance Act, 1894, shall apply as if increment value duty to be collected on the occasion of the death of any person were estate duty; but where any interest in land in respect of which increment value duty is payable is property passing to the personal representative as such, the duty shall be payable out of that interest in land in exoneration of the rest of the deceased's estate, and shall be collected upon an account to be delivered by the personal representative, setting forth the particulars of the increment value in respect of the property:

Provided that in respect of all property of the deceased, other than that assessed to increment value duty, the Crown shall, as a creditor in respect of such increment value duty, rank *pari passu* with the other creditors of the deceased.

COLLECTION AND RECOVERY OF DUTY IN CASE OF PROPERTY HELD BY BODIES CORPORATE OR UNINCORPORATE.

6.—(1) Where the fee simple of any land or any interest in land is held by any body corporate or by any body unincorporate, as defined by section twelve of the Customs and Inland Revenue Act, 1885, in such a manner or on such permanent trusts that the land or interest is not liable to death duties, the occasions on which increment value duty is to be collected shall be the fifth day of April in the year nineteen hundred and fourteen and in every subsequent fifteenth year.

(2) The account to be delivered under section fifteen of the Customs and Inland Revenue Act, 1885, shall, in the case of the account to be delivered in the year nineteen hundred and fourteen and in every subsequent fifteenth year, contain an account of the increment value of the land, as on the preceding fifth day of April, and that section shall, save as in this

Act is hereafter provided, apply for the purpose of increment value duty, whether the body corporate or unincorporate are chargeable with duty under Part II. of the Customs and Inland Revenue Act, 1885, or not.

(3) The provisions of sections thirteen to eighteen, of subsection (1) of section nineteen, and of section twenty of the Customs and Inland Revenue Act, 1885 (with the exception of any provisions relating to appeals), shall have effect for the purpose of the assessment and recovery of increment value duty as they have effect for the purpose of the duty charged under section eleven of that Act:

Provided that increment value duty may, if the body corporate or unincorporate chargeable therewith so desire, be paid by fifteen equal yearly instalments, and the first instalment shall be due immediately after the assessment of the duty.

Any part of any duty so payable by instalments may be paid up at any time.

(4) Any increment value duty assessed by the Commissioners on an account delivered in accordance with this section shall, for the purpose of determining the amount of increment value duty to be collected on any subsequent occasion, be deemed to have been paid.

(5) Nothing in this section shall affect the collection of increment value duty on the occasion of the grant of any lease or the transfer on sale of the fee simple of any land or any interest in land by a body corporate or unincorporate, or oblige an account to be delivered of the increment value of any land on any periodical occasion if under the subsequent provisions of this Part of this Act increment value duty in respect thereof is not to be collected on that occasion.

EXEMPTION FOR AGRICULTURAL LAND.

7. Increment value duty shall not be charged in respect of agricultural land while that land has no higher value than its value for agricultural purposes only. Provided that any value of the land for sporting purposes, or for other purposes dependent upon its use as agricultural land, shall be treated as value for agricultural purposes only, except where the value for any such purpose exceeds the agricultural value of the land.

EXEMPTION OF SMALL HOUSES AND PROPERTIES IN OWNER'S OCCUPATION.

8.—(1) Increment value duty shall not be charged on the increment value of any land, being the site of a dwelling-house, where immediately before the occasion on which the duty is to be collected the house was, and had been for twelve months previously, used by the

owner thereof as his residence, and the annual value of the house, as adopted for the purpose of income tax under Schedule A., does not exceed—

- (a) In the case of a house situated in the administrative county of London, forty pounds; and
- (b) In the case of a house situated in a borough or urban district with a population according to the last-published Census for the time being of fifty thousand or upwards, twenty-six pounds; and
- (c) in the case of a house situated elsewhere, sixteen pounds.

(2) Increment value duty shall not be charged on the increment value of any agricultural land where, immediately before the occasion on which the duty is to be collected, the land was, and had been for twelve months previously, occupied and cultivated by the owner thereof, and the total amount of that land, together with any other land belonging to the same owner, does not exceed fifty acres, and the average total value of the land does not exceed seventy-five pounds per acre:

Provided that the exemption under this provision shall not apply to any land occupied together with a dwelling-house the annual value of which, as adopted for income tax under Schedule A., exceeds thirty pounds.

(3) Where a dwelling-house is valued for the purposes of income tax under Schedule A together with other land, and it is necessary for the purpose of this section to determine the annual value of the dwelling-house, the total annual value shall be divided between the dwelling-house and the other land in such manner as the Commissioners may determine.

(4) For the purposes of this section—

- (a) The expression "owner" includes a person who holds land under a lease which was originally granted for a term of fifty years or more; but in such a case nothing in this section shall prevent the collection of increment value duty so far as it is payable in respect of any other interest in the land other than that leasehold interest; and
- (b) the site of a dwelling-house shall include any offices, courts, and yards, and gardens not exceeding one acre in extent, occupied together with the dwelling-house.

(5) Any increment value duty which would, but for this section, be charged shall, for the purpose of the provisions of this Act as to the collection of the duty, be deemed to have been paid.

SPECIAL PROVISION FOR INCREMENT VALUE DUTY IN THE CASE OF LAND USED FOR GAMES AND RECREATION.

9. Increment value duty shall not be collected on any periodical occasion in respect of the fee simple of or any interest in any land which is held by any body corporate or unincorporate, without any view to the payment of any dividend or profit out of the revenue thereof, *bonâ fide* for the purpose of games or other recreation, if the Commissioners are satisfied that the land is so used under some agreement with the owner which as originally made could not be determined for a period of at least five years, or under other circumstances which render it probable that the land will continue to be so used, without prejudice, however, to the collection of the duty on any other occasion.

PROVISION AS TO CROWN LANDS, &c.

10.—(1) Any increment value duty in respect of the fee simple of or any interest in any land held by or in trust for His Majesty or any department of Government, which would have been collected on any occasion had it been held by a private person, shall for the purposes of the provisions of this Act as to the collection of increment value duty be deemed to have been paid.

(2) Neither section seventy-seven of the Crown Lands Act, 1829, nor section thirty-eight of the Post Office Act, 1908, nor any other enactment exempting from stamp duty any document made or executed on behalf of or for the purpose of the Crown or any Government department, shall apply so as to prevent increment value duty being collected on any instrument by which the transfer on sale of the fee simple of or any interest in any land, or the grant of any lease of any land, to the Crown or to any Government department, or to any officer on behalf of or for the purposes of the Crown or any Government department, is effected or agreed to be effected.

SPECIAL PROVISION AS TO FLATS.

11. Where a building is used for the purpose of separate tenements, flats, or dwellings, the grant of a lease of any such separate tenement, flat, or dwelling, and the transfer on sale or passing on death of any lease of any such separate tenement, flat, or dwelling, shall not be an occasion on which increment value duty is to be collected under this Act, nor shall duty be collected on any periodical occasion from a body corporate or unincorporate where the interest held by the body is only a leasehold interest in any such separate tenement, flat, or dwelling.

PROVISIONS AS TO CLAIMS FOR DEDUCTIONS.

12. A person shall not be entitled to claim any deduction for the purpose of ascertaining the site value of any land on any occasion on which increment value duty becomes payable if the deduction is one which could have been, but was not, claimed for the purpose of ascertaining the original site value of the land.

REVERSION DUTY.

13.—(1) On the determination of any lease of land there shall be charged, levied, and paid, subject to the provisions of this Part of this Act, on the value of the benefit accruing to the lessor by reason of the determination of the lease a duty, called reversion duty, at the rate of one pound for every complete ten pounds of that value.

(2) For the purposes of this section the value of the benefit accruing to the lessor shall be deemed to be the amount (if any) by which the total value (as defined for the purpose of the general provisions of this Part of this Act relating to valuation) of the land at the time the lease determines, subject to the deduction of any part of the total value which is attributable to any works executed or expenditure of a capital nature incurred by the lessor during the term of the lease and of all compensation payable by such lessor at the determination of the lease, exceeds the total value of the land at the time of the original grant of the lease, to be ascertained on the basis of the rent reserved and payments made in consideration of the lease (including, in cases where a nominal rent only has been reserved, the value of any covenant or undertaking to erect buildings or to expend any sums upon the property), but where the lessor is himself entitled only to a leasehold interest the value of the benefit as so ascertained shall be reduced in proportion to the amount by which the value of his interest is less than the value of the fee simple.

EXEMPTIONS FROM REVERSION DUTY, AND ALLOWANCES.

14.—(1) Where, in the case of a reversion to a lease purchased before the thirtieth day of April nineteen hundred and nine, the lease on which the reversion is expectant determines within forty years of the date of the purchase, no reversion duty shall be charged under this Part of this Act on the determination of the lease. Provided that this exemption shall not apply where the lease is determined within forty years by agreement between the lessor and the lessee, whether express or implied, not contained in the lease itself, unless the lease would, apart from any such agreement, have determined within that period.

(2) No reversion duty shall be charged on the determination of the lease of any land which is at the time of the determination agricultural land, nor on the determination of a lease, the original term of which did not exceed twenty-one years, nor shall reversion duty be charged where the interest of the lessor expectant on the determination of a lease is a leasehold interest which does not exceed that number of years.

(3) Where a lease of any land is determined before the expiration of the term of the lease by agreement between the lessor and the lessee, whether express or implied, and a fresh lease of the land is then granted to the lessee the term of which extends at least twenty-one years beyond the date on which the original lease would have expired, the Commissioners shall make an allowance in respect of the reversion duty payable of two and a half per cent. of the duty for every year of the original term of the lease which is unexpired when the lease is determined, and any sum so allowed shall be treated as having been paid:

Provided that the allowance shall not exceed fifty per cent. of the whole duty payable.

(4) Where on any occasion on which increment value duty is due in respect of any increment value it is proved to the satisfaction of the Commissioners that reversion duty has been paid in respect of any benefit accruing to a lessor, or part of such a benefit, which is identical with the increment value, such sums as the Commissioners determine to have been paid in respect of the benefit or part of the benefit shall be treated as being also a payment on account of increment value duty; and where on any occasion on which reversion duty is due in respect of any benefit accruing to a lessor, it is shown to the satisfaction of the Commissioners that increment value duty has been paid on any increment value which is identical with that benefit or any part of that benefit, such sums as the Commissioners determine to have been paid in respect of that value shall be treated as being also a payment on account of the reversion duty in respect of that benefit or part of a benefit.

(5) Where a reversion has been mortgaged before the thirtieth day of April nineteen hundred and nine, and the mortgagee has foreclosed before the lease on which the reversion is expectant determines, the mortgagee shall not be liable to pay reversion duty in excess of the amount by which the total value of the land at the time of the determination of the lease exceeds the amount payable under the mortgage at the date of the foreclosure.

RECOVERY OF REVERSION DUTY.

15.—(1) Reversion duty shall be recoverable from any lessor to whom any benefit accrues

from the determination of a lease as a debt due to His Majesty, but shall rank *pari passu* with all other debts due from such lessor.

(2) Every lessor shall, on the determination of a lease on the determination of which reversion duty is payable under this section, deliver an account to the Commissioners setting forth the particulars of the land and the estimated value of the benefit accruing to the lessor by the determination of the lease.

(3) If any person who is under an obligation to deliver an account under this section knowingly fails to deliver such an account within the period of three months after the determination of the lease, he shall be liable to pay to His Majesty a sum not exceeding ten per cent. upon the amount of any duty payable under this section, and a like penalty for every three months after the first month during which the failure continues.

(4) Section seventeen of the Customs and Inland Revenue Act, 1885 (which relates to the power to assess duty according to accounts rendered, and to obtain other accounts), shall apply with respect to any account delivered under this section (with the exception of any provisions relating to appeals).

DUTY ON SITE VALUE OF UNDEVELOPED LAND.

16.—(1) Subject to the provisions of this Part of this Act, there shall be charged, levied, and paid for every financial year in respect of the site value of undeveloped land a duty, called undeveloped land duty, at the rate of one halfpenny for every twenty shillings of that site value.

(2) For the purposes of this Part of this Act land shall be deemed to be undeveloped land if it has not been developed by the erection of dwelling-houses or of buildings for the purposes of any business, trade, or industry other than agriculture (but including glass-houses or greenhouses), or is not otherwise used *bonâ fide* for any business, trade, or industry other than agriculture:

Provided that—

(a) Where any land having been so developed or used reverts to the condition of undeveloped land owing to the buildings becoming derelict, or owing to the land ceasing to be used for any business, trade, or industry other than agriculture, it shall, on the expiration of one year after the buildings have so become derelict or the land ceases to be so used, as the case may be, be treated as undeveloped land for the purposes of undeveloped land duty until it is again so developed or used; and

(b) Where the owner of any land included in any scheme of land development

shows that he or his predecessors in title have with a view to the land being developed or used as aforesaid, incurred expenditure on roads (including paving, curbing, metalling, and other works in connexion with roads) or sewers, that land shall, to the extent of one acre for every complete hundred pounds of that expenditure, for the purposes of this section, be treated as land so developed or used although it is not for the time being actually so developed or used, but for the purposes of this provision no expenditure shall be taken into account if ten years have elapsed since the date of the expenditure, or if after the date of the expenditure the land having been developed reverts to the condition of undeveloped land, and in a case where the amount of the expenditure does not cover the whole of the land included in the scheme of land development, the part of the land to be treated as land developed or used as aforesaid shall be determined by the Commissioners as being the land with a view to the development or use of which as aforesaid the expenditure has been in the main incurred.

(3) For the purposes of undeveloped land duty, the site value of undeveloped land shall be taken to be the value adopted as the original site value or, where the site value has been ascertained under any subsequent periodical valuation of undeveloped land for the time being in force, the site value as so ascertained:

Provided that where increment value duty has been paid in respect of the increment value of any undeveloped land, the site value of that land shall, for the purposes of the assessment and collection of undeveloped land duty, be reduced by a sum equal to five times the amount paid as increment value duty.

(4) For the purposes of undeveloped land duty undeveloped land does not include the minerals.

EXEMPTIONS FROM UNDEVELOPED LAND DUTY, AND ALLOWANCES.

17.—(1) Undeveloped land duty shall not be charged in respect of any land where the site value of the land does not exceed fifty pounds per acre.

(2) In the case of agricultural land of which the site value exceeds fifty pounds per acre, undeveloped land duty shall only be charged on the amount by which the site value of the land exceeds the value of the land for agricultural purposes.

(3) Undeveloped land duty shall not be charged—

- (a) On the site value of any parks, gardens, or open spaces which are open to the public as of right; or
- (b) On the site value of any woodlands, parks, gardens, or open spaces reasonable access to which is enjoyed by the public or by the inhabitants of the locality (including access regularly enjoyed by any of the naval or military forces of the Crown for the purpose of training or exercise) where, in the opinion of the Commissioners, that access is of public benefit; or
- (c) On the site value of any land where it is shown to the Commissioners that the land is being kept free of buildings in pursuance of any definite scheme, whether framed before or after the passing of this Act, for the development of the area of which the land forms part, and where, in the opinion of the Commissioners, it is reasonably necessary in the interests of the public, or in view of the character of the surroundings or neighbourhood, that the land should be so kept free from buildings; or
- (d) On the site value of any land which is *bonâ fide* used for the purpose of games or other recreation where the Commissioners are satisfied that the land is so used under some agreement with the owner which, as originally made, could not be determined for a period of at least five years, or where, in the opinion of the Commissioners, other circumstances render it probable that the land will continue to be so used.

Where any land kept free from buildings in pursuance of any definite scheme has received the benefit of an exemption from undeveloped land duty by virtue of this section, that land shall not be built upon unless the Local Government Board give their consent, on being satisfied that it is desirable in the interests of the public that the restriction on building should be removed; and any such consent may be given subject to such conditions as to the mode in which the land is to be built upon as the Local Government Board think desirable under the circumstances.

The opinion of the Commissioners as to matters which are expressed to be matters for the opinion of the Commissioners under this subsection shall be final and not subject to any appeal.

(4) Undeveloped land duty shall not be charged on the site value of any land not exceeding an acre in extent occupied together with a dwelling-house or on the site value of any land being gardens or pleasure

grounds so occupied when the site value of the gardens and pleasure grounds together with the site value of the dwelling-house does not exceed twenty times the annual value of the gardens, pleasure grounds, and dwelling-house as adopted for the purpose of income tax under Schedule A.:

Provided that the exemption under this provision shall not apply so as to exempt more than five acres, and where the land, gardens, or pleasure grounds occupied together with a dwelling-house exceed five acres in extent, those five acres shall be exempted which are determined by the Commissioners to be most adapted for use as gardens or pleasure grounds in connexion with the dwelling-house.

Where the dwelling-house, gardens, and pleasure grounds are valued for the purpose of income tax under Schedule A., together with other land, the total annual value shall be divided between the dwelling-house, gardens, and pleasure grounds and the other land in such manner as the Commissioners may determine.

(5) Where agricultural land is at the time of the passing of this Act held under a tenancy originally created by a lease or agreement made or entered into before the thirtieth day of April nineteen hundred and nine, undeveloped land duty shall not be charged on the site value of the land during the original term of that lease or agreement while the tenancy continues thereunder. Provided that where the landlord has power to determine the tenancy of the whole or any part of the land, the tenancy of the land or that part of the land shall not be deemed for the purposes of this provision to continue after the earliest date after the commencement of this Act at which it is possible to determine the tenancy under that power.

EXEMPTION OF SMALL HOLDINGS FROM UNDEVELOPED LAND DUTY.

18. Undeveloped land duty shall not be charged on the site value of any agricultural land, occupied and cultivated by the owner thereof, where the total value of that land, together with any other land belonging to the same owner, does not exceed five hundred pounds.

For the purposes of this provision the expression "owner" includes a person who holds land under a lease which was originally granted for a term of fifty years or more.

RECOVERY OF UNDEVELOPED LAND DUTY.

19. Undeveloped land duty shall be assessed by the Commissioners and shall be payable at any time after the first day of January of the year for which the duty is charged, and any such duty for the time being unpaid

shall be recoverable from the owner of the land for the time being as a debt due to His Majesty, and shall be borne by that owner notwithstanding any contract to the contrary.

If at any time undeveloped land duty is not assessed within the year for which it is charged, owing to there being no value either shown in the provisional valuation or finally settled on which the duty can be assessed, or for any other reason, the duty may be assessed at any time, and shall be payable at any time after the expiration of two months from the date of the assessment, so, however, that no such duty shall be assessed more than three years after the expiration of the year for which it is charged.

MINERAL RIGHTS DUTY AND PROVISIONS AS TO MINERALS.

20.—(1) There shall be charged, levied, and paid for the current and every subsequent financial year on the rental value of all rights to work minerals and of all mineral wayleaves, a duty (in this Act referred to as a mineral rights duty) at the rate in each case of one shilling for every twenty shillings of that rental value.

(2) The rental value shall be taken to be—

(a) Where the right to work the minerals is the subject of a mining lease, the amount of rent paid by the working lessee in the last working year in respect of that right; and

(b) Where minerals are being worked by the proprietor thereof, the amount which is determined by the Commissioners to be the sum which would have been received as rent by the proprietor in the last working year if the right to work the minerals had been leased to a working lessee for a term and at a rent and on conditions customary in the district, and the minerals had been worked to the same extent and in the same manner as they have been worked by the proprietor in that year: Provided that the Commissioners shall cause a copy of their valuation of such rent to be served on the proprietor; and

(c) In the case of a mineral wayleave, the amount of rent paid by the working lessee in the last working year in respect of the wayleave:

Provided that if in any special case it is shown to the Commissioners that the rent paid by a working lessee exceeds the rent customary in the district, and partly represents a return for expenditure on the part of any proprietor of the minerals which would ordinarily have been borne by the lessee, the Commissioners shall substitute as the rental value of the right

to work the minerals or the mineral wayleaves, as the case may be, such rent as the Commissioners determine would have been the rent customary in the district if the expenditure had been borne by the lessee.

(3) Every proprietor of any minerals and every person to whom any rent is paid in respect of any right to work minerals or of any mineral wayleave shall, upon notice being given to him by the Commissioners requiring him to give particulars as to the amount received by him in respect of the right or wayleave, as the case may be, and where the proprietor is working the minerals, particulars as to the minerals worked, make a return in the form required by the notice, and within the time, not being less than thirty days, specified in the notice, and in default shall be liable to a penalty not exceeding fifty pounds to be recovered in the High Court.

(4) Mineral rights duty shall be assessed by the Commissioners and shall be payable at any time after the first day of January in the year for which the duty is charged, and any such duty for the time being unpaid shall be recoverable as a debt due to His Majesty from the proprietor of the minerals, where the proprietor is working the minerals, and in any other case from the immediate lessor of the working lessee. As between the immediate lessor and the working lessee, the duty shall be borne by the immediate lessor, notwithstanding any contract to the contrary, whether made before or after the passing of this Act.

(5) Mineral rights duty shall not be charged in respect of common clay, common brick clay, common brick earth, or sand, chalk, limestone, or gravel.

DEDUCTION OF DUTY IN CASE OF INTERMEDIATE LEASES OF MINERALS.

21.—(1) Any immediate lessor who under this Act pays any mineral rights duty, and is himself a lessee of the right to work the minerals or of the wayleave in respect of which the duty is paid, shall be entitled to deduct from the rent paid by him in respect of the right to work the minerals or the wayleave, as the case may be, to his lessor a sum equal to the mineral rights duty on a rental value of the same amount as the rent payable; and any person from whose rent any such deduction is made may make a similar deduction from any rent paid by him in respect of the right to work the minerals or in respect of the wayleave, as the case may be.

(2) Any person in receipt of rent from which a deduction may be made under this section shall allow the deduction, and the person making the deduction shall be discharged from the payment of an amount of rent equal to the amount deducted, and any contract for

the payment of rent without allowing such a deduction shall be void.

(3) If any person refuses to allow a deduction which he is required to allow under this section he shall be liable to a penalty not exceeding fifty pounds to be recovered in the High Court.

(4) Where in any special case mineral rights duty has been charged on a rental value based on a rent which has been substituted under the provisions of this Act for the rent actually payable by the working lessee, or where in any special case the rental value with reference to which increment value duty is charged has been reduced under the provisions of this Act for the purposes of the collection of that duty, the Commissioners shall, on the application of any lessor from whose rent a deduction may be made in respect of mineral rights duty or increment value duty, as the case may be, make a corresponding substitution or reduction as regards that rent, if they consider that the grounds for the substitution or reduction, as the case may be, are applicable in the case of the rent with respect to which the application is made.

SPECIAL PROVISIONS AS TO INCREMENT VALUE DUTY AND REVERSION DUTY IN THE CASE OF MINERALS WORKED OR LEASED.

22.—(1) No reversion duty shall be charged on the determination of a mining lease, and no increment value duty shall be charged on the occasion of the grant of a mining lease or in respect of minerals which are comprised in a mining lease, or are being worked, except as a duty payable annually in manner provided by this Act.

(2) Increment value duty shall not be charged in the case of any minerals which were, on the thirtieth day of April nineteen hundred and nine, either comprised in a mining lease or being worked by the proprietor, so long as the minerals are for the time being either comprised in a mining lease, or being worked by the proprietor: Provided that the exemption under this section shall continue to apply in the case of any minerals, although they cease for a temporary period to be comprised in a mining lease or to be worked, so long as the period does not exceed two years.

(3) Increment value duty in respect of the increment value of minerals which are comprised in a mining lease or are being worked shall, where that duty is chargeable, be charged annually; and the increment value shall, instead of being estimated as a capital sum, be taken to be the sum (if any) by which, in each year during which the lease continues or the minerals are being worked, as the case may be, the rental value on which mineral

rights duty is charged in respect of the right to work the minerals exceeds the annual equivalent of the original capital value of the minerals, or the capital value of the minerals on the last preceding occasion on which increment value duty has been collected otherwise than as an annual duty, if increment value duty has been so collected before the minerals have become comprised in a mining lease or have commenced to be worked; and the annual equivalent of any such capital value of the minerals shall be taken to be two twenty-fifth parts of that capital value.

(4) If in any case it is shown to the Commissioners that the rental value on which mineral rights duty is charged represents in part a return for money expended within fifteen years by a lessor in boring or otherwise proving the minerals, the rental value shall be reduced for the purposes of the collection of increment value duty by the amount which represents that return.

(5) Increment value duty payable annually under this section shall, instead of being collected as provided by this Act in other cases, be recoverable in the same manner as mineral rights duty, with the same right of deduction.

(6) Any proprietor or lessor of any minerals who pays increment value duty in pursuance of this provision shall be entitled to be relieved in any year from the payment of mineral rights duty, as such proprietor or lessor, up to the amount paid by him in that year in respect of increment value duty.

For the purposes of this provision a deduction of any amount from the rent payable to a lessor on account of mineral rights duty shall be deemed to be a payment of that duty, and the relief may be given either by allowance or repayment or both of those means, as the occasion may require.

(7) Where minerals cease to be comprised in a mining lease or to be worked within the meaning of this section, the capital value of the minerals at the time shall be specially ascertained in accordance with the provisions of this Act, and the capital value as so ascertained shall be treated as the original capital value of the minerals.

(8) Nothing in this section shall apply to minerals which are exempt from mineral rights duty under this Act.

APPLICATION OF PROVISIONS AS TO TOTAL AND SITE VALUE OF MINERALS.

23.—(1) For the purposes of this Part of this Act, the total value of minerals means the amount which the fee simple of the minerals, if sold in the open market by a willing seller in their then condition, might

be expected to realise, and the capital value of minerals means the total value, after allowing such deduction (if any) as the Commissioners may allow for any works executed or expenditure of a capital nature incurred bonâ fide by or on behalf of any person interested in the minerals for the purpose of bringing the minerals into working, or where the minerals have been partly worked, such deduction as is, in the opinion of the Commissioners, proportionate to the amount of minerals which have not been worked.

(2) For the purposes of valuation under this Part of this Act, all minerals shall be treated as a separate parcel of land; but where the minerals are not comprised in a mining lease or being worked, they shall be treated as having no value as minerals, unless the proprietor of the minerals, in his return furnished to the Commissioners, specifies the nature of the minerals and his estimate of their capital value.

Minerals which are comprised in a mining lease or are being worked shall be treated as a separate parcel of land, not only for the purposes of valuation, but also for the purpose of the assessment of duty under this Part of this Act.

(3) The provisions of this Part of this Act with respect to valuation shall not apply to minerals which were, on the thirtieth day of April, nineteen hundred and nine, either comprised in a mining lease or being worked by the proprietor, so long as they are for the time being either comprised in a mining lease or being worked by the proprietor, nor shall such provisions apply to any minerals which cease for a temporary period to be comprised in a mining lease or to be worked so long as the period does not exceed two years.

(4) Except where the context otherwise requires, any references in this Part of this Act to the site value of land shall, in cases where the land consists solely of minerals, or comprises minerals, be construed, so far as respects the minerals, as a reference to the capital value of the minerals.

DEFINITIONS FOR PURPOSE OF MINERAL PROVISIONS.

24. For the purpose of the provisions of this Act as to minerals—

The expression "proprietor" means the person for the time being entitled in possession to the minerals, or to the rents and profits thereof, or any part of those rents and profits, but does not include a person entitled as lessee other than a person entitled to the possession of land comprised in a lease for any long term of years to which section

sixty-five of the Conveyancing and Law of Property Act, 1881, applies;

The expression "rent" includes yearly or other rent, and shall in addition to the meaning assigned to it for the general purposes of this Part of this Act, be construed as including any fine, premium, or foregift, and any payment, consideration, or benefit in the nature of a fine, premium, or foregift;

Where any rent is paid or rendered otherwise than in money or money's worth, the amount of the rent shall be taken to be such sum as the Commissioners consider to be the value thereof;

The expression "mining lease" means a lease for mining purposes, that is, for searching for, winning, working, getting, making merchantable, carrying away, or disposing of, mines and minerals, or purposes connected therewith, and includes an agreement for such lease, or any tenancy or licence, whether by deed, parol, or otherwise for mining purposes, and the expressions "lessor" and "lessee" shall in addition to the meaning assigned to them for the general purposes of this Part of this Act be construed so as to include respectively a licensor and a licensee;

The expression "working lessee" means as respects the right to work minerals the lessee who is actually working the minerals, or who would have the right actually to work the minerals if the minerals were worked, and as respects mineral wayleaves the lessee who is in actual enjoyment of the wayleave, and the expression "immediate lessor" shall be construed accordingly;

The expression "working year" means the year ending the thirtieth day of September, or such other day as may in any case be approved by the Commissioners, and the expression "last working year" means the working year completed immediately before the first day of January in any financial year for which the duty is paid;

The expression "mineral wayleave" means any wayleave, airleave, waterleave, or right to use a shaft granted to or enjoyed by a working lessee, whether above or under ground, for the purpose of access to or the conveyance of the minerals, or the ventilation or drainage of his mine or otherwise in connexion with the working of the minerals.

Where any minerals are at any time being worked by means of any colliery, mine, quarry, or open working, all the minerals which belong to the same proprietor, if the minerals are being worked

by the proprietor, or which the lessee has power to work if the minerals are being worked by a lessee, and which would, in the ordinary course of events, be worked by the same colliery, mine, quarry, or open working, shall be deemed to be minerals which are being worked at that date.

Minerals which are being won for the purpose of being immediately worked shall be deemed to be minerals which are being worked.

Minerals shall be deemed to be comprised in a mining lease if the right to work the minerals is the subject of a mining lease, or if the minerals are being worked under the terms of such a lease, although the lease has expired.

Where the circumstances of a district are such that in the opinion of the Commissioners it is impracticable to fix any sum which satisfactorily represents a rent customary in the district, the rent which would be paid under similar circumstances and ordinary conditions elsewhere than in the district shall be substituted for the rent customary in the district.

VALUATION FOR PURPOSES OF DUTIES ON LAND VALUES.

DEFINITION OF VALUES OF LAND.

25.—(1) For the purposes of this Part of this Act, the gross value of land means the amount which the fee simple of the land, if sold at the time in the open market by a willing seller in its then condition, free from incumbrances, and from any burden, charge, or restriction (other than rates or taxes) might be expected to realise.

(2) The full site value of land means the amount which remains after deducting from the gross value of the land the difference (if any) between that value and the value which the fee simple of the land, if sold at the time in the open market by a willing seller, might be expected to realise if the land were divested of any buildings and of any other structures (including fixed or attached machinery) on, in, or under the surface, which are appurtenant to or used in connection with any such buildings, and of all growing timber, fruit trees, fruit bushes, and other things growing thereon.

(3) The total value of land means the gross value after deducting the amount by which the gross value would be diminished if the land were sold subject to any fixed charges and to any public rights of way or any public rights of user, and to any right of common and to any easements affecting the land, and

to any covenant or agreement restricting the use of the land entered into or made before the thirtieth day of April, nineteen hundred and nine, and to any covenant or agreement restricting the use of the land entered into or made on or after that date, if, in the opinion of the Commissioners, the restraint imposed by the covenant or agreement so entered into or made on or after that date was when imposed desirable in the interests of the public, or in view of the character and surroundings of the neighbourhood, and the opinion of the Commissioners shall in this case be subject to an appeal to the referee, whose decision shall be final.

(4) The assessable site value of land means the total value after deducting—

- (a) The same amount as is to be deducted for the purpose of arriving at full site value from gross value; and
- (b) Any part of the total value which is proved to the Commissioners to be directly attributable to works executed, or expenditure of a capital nature (including any expenses of advertisement) incurred *bonâ fide* by or on behalf of or solely in the interests of any person interested in the land for the purpose of improving the value of the land as building land, or for the purpose of any business, trade, or industry other than agriculture; and
- (c) Any part of the total value which is proved to the Commissioners to be directly attributable to the appropriation of any land or to the gift of any land by any person interested in the land for the purpose of streets, roads, paths, squares, gardens, or other open spaces for the use of the public; and
- (d) Any part of the total value which is proved to the Commissioners to be directly attributable to the expenditure of money on the redemption of any land tax, or any fixed charge, or on the enfranchisement of copyhold land or customary freeholds, or on effecting the release of any covenant or agreement restricting the use of land which may be taken into account in ascertaining the total value of the land, or to goodwill or any other matter which is personal to the owner, occupier, or other person interested for the time being in the land; and
- (e) Any sums which, in the opinion of the Commissioners, it would be necessary to expend in order to divest the land of buildings, timber, trees, or other things of which it is to be taken to be divested for the purpose of arriving at the full site value from the gross value of the land and of which it

would be necessary to divest the land for the purpose of realising the full site value.

Where any works executed or expenditure incurred for the purpose of improving the value of the land for agriculture have actually improved the value of the land as building land, or for the purpose of any business, trade, or industry other than agriculture, the works or expenditure shall, for the purpose of this provision, be treated as having been executed or incurred also for the latter purposes.

Any reference in this Act to site value (other than the reference to the site value of land on an occasion on which increment duty is to be collected) shall be deemed to be a reference to the assessable site value of the land as ascertained in accordance with this section.

(5) The provisions of this section are not applicable for the purpose of the valuation of minerals.

VALUATION OF LAND FOR PURPOSES OF ACT.

26.—(1) The Commissioners shall, as soon as may be after the passing of this Act, cause a valuation to be made of all land in the United Kingdom, showing separately the total value and the site value respectively of the land, and in the case of agricultural land the value of the land for agricultural purposes where that value is different from the site value. Each piece of land which is under separate occupation, and, if the owner so requires, any part of any land which is under separate occupation, shall be separately valued, and the value shall be estimated as on the thirtieth day of April nineteen hundred and nine.

(2) Any owner of land and any person receiving rent in respect of any land shall, on being required by notice from the Commissioners, furnish to the Commissioners a return containing such particulars as the Commissioners may require as to the rent received by him, and as to the ownership, tenure, area, character, and use of the land, and the consideration given on any previous sale or lease of the land, and any other matters which may properly be required for the purpose of the valuation of the land, and which it is in his power to give, and if any owner of land or person receiving any rent in respect of the land is required by the Commissioners to make a return under this section, and fails to make such a return within the time, not being less than thirty days, specified in the notice requiring a return, he shall be liable to a penalty not exceeding fifty pounds to be recoverable in the High Court.

(3) Any owner of land may, if he thinks fit, furnish to the Commissioners his estimate of the total value or site value or both of the

land, and the Commissioners, in making their valuation, shall consider any estimate so furnished.

ASCERTAINMENT OF THE ORIGINAL SITE VALUE OF LAND.

27.—(1) The Commissioners shall cause a copy of their provisional valuation of any land to be served on the owner of the land, and unless objection is taken to the provisional valuation in manner provided by this section, the values shown in the provisional valuation shall be adopted as the original total value and the original site value respectively for the purposes of this Part of this Act.

(2) If the owner considers that the total or site value, as stated in any provisional valuation, is not correct, he may, with a view to an amendment of the provisional valuation, within sixty days of the date on which the copy of the provisional valuation is served, or such extended time as the Commissioners may in any special case allow, give to the Commissioners notice of objection to the provisional valuation, stating the grounds of his objection and the amendment he desires, and if the Commissioners amend the provisional valuation so as to be satisfactory to all persons making objections the total and site value as stated in the amended valuation shall be adopted as the original total and the original site value for the purposes of this Part of this Act.

(3) The Commissioners may amend any provisional valuation, whether objected to or not, before it is finally settled, and the amended provisional valuation shall be deemed to be a provisional valuation for the purposes of this section.

(4) If the provisional valuation is not amended by the Commissioners so as to be satisfactory to any objector, that objector may give a notice of appeal under this Act with respect to the valuation, but if no such notice is given the total and site value as stated in the provisional valuation, subject to such amendments as may be made by the Commissioners in order to meet objections, shall be adopted as the original total and the original site value respectively for the purposes of this Part of this Act.

(5) Any person interested in the land, not being an owner, may apply to the Commissioners for a copy of the provisional valuation of the land before it is finally settled, and shall then have the same right of giving notice of objection and of appealing as the owner.

(6) Where the value to be adopted as the original total or the original site value of any

land for the purposes of this Part of this Act has not been finally settled at the time when any duty under this Part of this Act becomes leviable, any duty under this Part of this Act shall be assessed as if the values as shown in the provisional valuation, or, if the provisional valuation has been amended by the Commissioners, as shown in the valuation as so amended, were the values adopted as the original total and site values for the purposes of this Part of this Act, and, on the values to be adopted being finally settled, if it is found that the amount which should have been paid as duty exceeds that actually paid, the excess shall be deemed to be arrears of the duty, except so far as any penalty is incurred on account of arrears, and, if it is found that the amount which should have been paid as duty is less than that actually paid, the difference shall be repaid by the Commissioners.

(7) Where a lessee is the owner of the land within the meaning of this Act, this section shall apply as if any person entitled to the fee simple reversion or to a leasehold reversion for a term of years exceeding twenty-one were the owner as well as the lessee.

PERIODICAL VALUATION OF UNDEVELOPED LAND.

28. For the purpose of obtaining a periodical valuation of undeveloped land the Commissioners shall, in the year nineteen hundred and fourteen and in every subsequent fifth year, cause a valuation to be made of undeveloped land showing the site value of the land as on the thirtieth day of April in that year, and for the purpose of ascertaining the value at that time the provisions of this Act as to the ascertainment of value shall apply for the purpose of ascertaining value on any such periodical valuation as they apply for the purpose of ascertaining the original value:

Provided that if on any such periodical valuation the valuation of any undeveloped land which is liable to undeveloped land duty is for any reason begun but not completed in the year of valuation, the Commissioners may complete the valuation after the expiration of the year of valuation, subject to an appeal under this Act.

ASSESSMENT OF DUTY ON SEPARATE PARCELS OF LAND AND APPORTIONMENT OF VALUATION.

29.—(1) Any duty under this Part of this Act may be assessed on or in respect of any such pieces of land whether under separate occupation or not, as the Commissioners think fit.

(2) The Commissioners shall make such apportionments and re-apportionments of any

original site value or any site value fixed on a periodical valuation as they consider necessary for the purpose of the collection or assessment of increment value duty or undeveloped land duty, or which they may be required at any time to make on the application of any person entitled to the fee simple of any land or to an interest in any land.

On any such apportionment or re-apportionment for the purpose of the collection of increment value duty on the occasion of the transfer on sale of the fee simple of the land or any interest in the land, or on the occasion of the grant of any lease of the land, the consideration for the transfer, or for the grant of the lease, shall be treated as one of the matters to which regard must be had in making the apportionment or re-apportionment.

(3) The provisions relating to the procedure on the valuation of land for the purposes of this Part of this Act shall apply with respect to the apportionment or re-apportionment of site value under this section as they apply with reference to the ascertainment of the original site value of land.

(4) The value attributed on any such apportionment or re-apportionment to each part of the land shall for the purposes of this Part of this Act be treated as the original site value or the site value of the land, as the case may be.

DUTIES OF COMMISSIONERS AS TO KEEPING RECORDS AND GIVING INFORMATION.

30.—(1) The Commissioners shall record particulars of all valuations, apportionments, re-apportionments, and assessments made by them under this Part of this Act, and of any deductions allowed in determining any value, and of the amount of any duty paid under this Part of this Act in respect of any land.

(2) The Commissioners shall furnish to any person interested in any land, or to any person authorised by any person so interested, on his application and on payment of such fee, not exceeding two shillings and sixpence, as the Commissioners may fix with the approval of the Treasury, copies of any particulars so recorded by them relating to the land, certified, if required, by a Secretary or Assistant Secretary to the Commissioners.

INFORMATION AS TO NAMES OF OWNERS OF LAND.

31.—(1) Every person who pays rent in respect of any land, and every person who as agent for another person receives any rent in respect of any land, shall, on being required by the Commissioners, furnish to them within

thirty days the name and address of the person to whom he pays rent or on behalf of whom he receives rent, as the case may be.

(2) For the purpose of the exercise of their powers or the performance of their duties under this Part of this Act in reference to the valuation of land, the Commissioners may give any general or special authority to any person to inspect any land and report to them the value thereof, and the person having the custody or possession of that land shall permit the person so authorised, on production of the authority of the Commissioners in that behalf, to inspect it at such reasonable times as the Commissioners consider necessary.

(3) If any person wilfully fails to comply with the provisions of this section he shall be liable to a penalty not exceeding fifty pounds to be recoverable in the High Court.

(4) Any notice requiring a return for the purpose of valuation, any copy of a provisional valuation, and any other notice or document which is required to be given or sent to an owner or a person interested in land under this Part of this Act by the Commissioners shall be sufficiently given or sent if sent by post to the address of the owner or person interested furnished to the Commissioners under the powers given by this section, or, if the address cannot be so ascertained, by leaving the notice or a copy of the document addressed to the owner or person interested with some occupier of the land, or, if there is no occupier, by causing it to be put up in some conspicuous place on the land.

DETERMINATION OF VALUE OF CONSIDERATION.

32.—(1) Where the value of any consideration for a transfer or lease is to be determined for the purposes of this Part of this Act, that value shall, so far as the consideration consists of the payment of a capital sum, be taken to be the amount of that capital sum, and, so far as the consideration consists of a periodical money payment, be taken to be such sum as appears to the Commissioners to be the capital value of that payment.

(2) If the Commissioners are satisfied that any covenant or undertaking or liability to discharge any incumbrance, or, in cases where a nominal rent only has been reserved, any covenant or undertaking to erect buildings, or to expend any sums upon the property, has formed part of the consideration, the Commissioners shall allow such sum as they think just in respect thereof as an addition to the value of the consideration.

(3) Where it is necessary to apportion any consideration for the purposes of this Part of this Act as between properties included in

any transfer or lease, the consideration shall be apportioned by the Commissioners in such manner as they determine.

APPEALS TO REFEREES.

33.—(1) Except as expressly provided in this Part of this Act any person aggrieved may appeal within such time and in such manner as may be provided by rules made under this section against the first or any subsequent determination by the Commissioners of the total value or site value of any land; or against the amount of any assessment of duty under this Part of this Act; or against a refusal of the Commissioners to make any allowance or to make the allowance claimed, where the Commissioners have power to make such an allowance under this Part of this Act; or against any apportionment of the value of land or of duty or any assessment or apportionment of the consideration on any transfer or lease made by the Commissioners under this Part of this Act; or against the determination of any other matter which the Commissioners are to determine or may determine under this Part of this Act:

Provided that—

(a) an appeal shall not lie against a provisional valuation made by the Commissioners of the total or site value of any land except on the part of a person who has made an objection to the provisional valuation in accordance with this Act; and

(b) the original total value and the original site value and the site value as ascertained under any subsequent valuation shall be questioned only by means of an appeal against the determination by the Commissioners of that value where there is an appeal under this Act, and shall not be questioned in any case on an appeal against an assessment of duty.

(2) An appeal under this section shall be referred to such one of the panel of referees appointed under this Part of this Act as may be selected in manner provided by rules under this section, and the decision of the referee to whom the matter is so referred shall be given in the form provided by rules under this section and shall, subject to appeal to the Court under this section, be final.

(3) The referee shall determine any matter referred to him in consultation with the Commissioners and the appellant, or any persons nominated by the Commissioners and the appellant respectively for this purpose, and may, if he thinks fit, order that any expenses incurred by the appellant be paid by the Commissioners, and that any such expenses in-

curred by the Commissioners be paid by the appellant.

Any order of the referee as to expenses may be made a rule of the High Court.

(4) Any person aggrieved by the decision of the referee may appeal against the decision to the High Court within the time and in the manner and on the conditions directed by Rules of Court (including conditions enabling the Court to require the payment of or the giving of security for any duty claimed); and subsections two, three, and four of section ten of the Finance Act, 1894, shall apply with reference to any such appeal:

Provided that where the total or site value as alleged by the Commissioners of the property in respect of which the dispute arises does not exceed five hundred pounds, the appeal under this section may be to the county court for the county or place in which the appellant resides or the property is situate, and this section shall for the purpose of the appeal apply as if such county court were the High Court, and in every such case any party shall have a right of appeal to the Court of Appeal.

(5) Provision shall be made by rules under this section with respect to the time within which and the manner in which an appeal may be made to a referee under this section, and with respect to the mode in which the referee to whom any reference is to be made is to be selected, and with respect to the form in which any decision of a referee is to be given, and with respect to any other matter for which it appears necessary or expedient to provide in order to carry this section into effect.

Those rules shall be made by the Reference Committee, subject to the approval of the Treasury.

The Reference Committee for England shall consist of the Lord Chief Justice of England, the Master of the Rolls, and the President of the Surveyors' Institution.

The Reference Committee for Scotland shall consist of the Lord President of the Court of Session, the Lord Justice Clerk, and the Chairman of the Scottish Committee of the Surveyors' Institution.

The Reference Committee for Ireland shall consist of the Lord Chief Justice of Ireland, the Master of the Rolls in Ireland, and the President of the Surveyors' Institution.

The President of the Surveyors' Institution may, if he thinks fit, appoint any person, being a member of the council of that institution and having special knowledge of valuation in Ireland, to act in his place as a member of the Reference Committee in Ireland.

APPOINTMENT OF REFEREES TO HEAR APPEALS.

34.—(1) Such number of persons, being persons who have been admitted Fellows of the

Surveyors' Institution, or other persons having experience in the valuation of land as may be appointed for England, Scotland, and Ireland, respectively, by the Reference Committee, shall form a panel of persons to act as referees for the purposes of this Part of this Act in England, Scotland, and Ireland, respectively, and persons having experience in the valuation of minerals shall be included in each panel.

(2) There shall be paid out of moneys provided by Parliament to every referee appointed under this section such fees or remuneration as the Treasury direct.

SUPPLEMENTAL.

EXEMPTION FOR LAND HELD BY RATING AUTHORITIES.

35.—(1) No duty under this Part of this Act shall be charged in respect of any land or interest in land held by or on behalf of a rating authority, or any statutory combination representative of two or more local or rating authorities, and any increment value duty in respect of any such land which would have been collected from the authority (whether on the occasion of the transfer on sale of the land, or any interest in the land, or the grant of a lease of the land or on the periodical occasions provided in this Act) shall, for the purposes of the provisions of this Act as to the collection of increment value duty, be deemed to have been paid.

(2) For the purposes of this section the expression "rating authority" means any body who have power to raise a rate or administer money raised by a rate, and the expression "rate" means a rate the proceeds of which are applicable to public local purposes, and which is leviable on the basis of an assessment in respect of the yearly value of property, and includes any sum which, though obtained in the first instance by a precept, certificate, or other instrument, requiring payment from some authority or officer, is or can be ultimately raised out of a rate as before defined.

DEDUCTION FROM INCREMENT VALUE OF SUM PAID TO RATING AUTHORITY IN RESPECT OF INCREASE IN VALUE.

36. Where in pursuance of any public general or local Act any capital sum or any instalment of a capital sum has been paid to any rating authority in respect of the increased or enhanced value of any land due to any improvements made or other action taken by the authority, the amount of that capital sum or instalment shall be deducted from any increment value of the land for the purposes

of the collection of increment value duty and from the site value of the land for the purposes from the value of the benefit accruing to the lessor for the purposes of reversion duty, and in the case of increment value duty the duty on the amount deducted shall be deemed to have been paid.

SPECIAL PROVISION FOR LAND HELD FOR CHARITABLE PURPOSES, &c.

37.—(1) No reversion duty or undeveloped land duty under this Part of this Act shall be charged in respect of land or any interest in land held by or on behalf of any governing body constituted for charitable purposes, while the land is occupied and used by such a body for the purposes of that body, and increment value duty shall not be collected on any periodical occasion in respect of the fee simple of or any interest in any land held for the purposes of such a body, whether it is occupied or used by that body or not, without prejudice, however, to the collection of the duty on any other occasion.

The expression "governing body constituted for charitable purposes" includes any person or body of persons who have the right of holding, or any power of government of, or management over, any property appropriated for charitable purposes (including property appropriated for the purpose of any of the naval or military forces of the Crown), and includes any corporation sole and all universities, colleges, schools, and other institutions for the promotion of literature, science, or art.

(2) This section shall apply to the fee simple of, or any interest in, any land held by a registered society or by a company within the meaning of the Companies Consolidation Act, 1908, or any body of persons incorporated by special Act, if that company or body are by their memorandum or Act precluded from dividing any profit amongst their members, as if the purposes of the society, company, or body of persons were charitable purposes.

In this provision the expression "registered society" means any society or body of persons who are registered, or whose rules are certified or registered, by a registrar of friendly societies in pursuance of any Act of Parliament, and who by their rules make provision for the benefits set out in section eight, subsection one, of the Friendly Societies Act, 1896, and where the contract between the society and the member is of a permanent character.

SPECIAL PROVISION FOR STATUTORY COMPANIES.

38.—(1) Neither increment value duty, reversion duty, nor undeveloped land duty shall be charged in respect of any land whilst it is

held by a statutory company for the purposes of their undertaking and cannot be appropriated by the company except to those purposes; but nothing in this provision shall prevent the collection of increment value duty when any such land is sold or ceases to be so held.

This provision shall not be construed so as to exclude from the benefit thereof land held by a statutory company which is intended to be ultimately appropriated for the purpose of works forming or to form part of the company's undertaking, but, pending the carrying out of those works, is used for other purposes.

(2) The Commissioners shall not require a statutory company to make any returns with respect to any such land for the purpose of the provisions of this Part of this Act as to valuation other than as to the actual cost to the company of the land, and that cost shall, for the purposes of this Part of this Act, be substituted for the original site value of the land.

(3) For the purposes of the Lands Clauses Acts, as incorporated with any special Act, the amount (if any) payable by the transferor as increment value duty shall not be treated as part of the costs or expenses of a conveyance of land, and shall not be taken into account in assessing the compensation to be paid to the transferor.

(4) For the purposes of this section the expression "statutory company" means any railway company, canal company, dock company, water company, or other company who are for the time being authorised under any special Act to construct, work, or carry on any railway, canal, dock, water, or other public undertaking, and includes any person or body of persons so authorised; and the expression "special Act" includes any Provisional Order or order having the force of an Act of Parliament.

POWER TO CHARGE DUTY ON LAND IN CERTAIN CASES.

39.—(1) Where the fee simple of any land or any interest in land in respect of which increment value duty or reversion duty is charged is settled land within the meaning of the Settled Land Act, 1882, or is vested in a trustee, and the tenant for life or persons having the powers of a tenant for life or the trustee is the person who is liable to pay any sums on account of either of these duties, he shall be entitled to charge by deed upon the land or interest in land any amount paid by him or which he may then be or may thereafter become liable to pay in respect of either of these duties, and the amount of any expenditure which he may have reasonably incurred in connection with the valuation, and the

benefit of any such charge may be transferred in like manner as a mortgage.

(a) In the case of settled land a deed executed for the purposes of this section shall not take effect until notice thereof has been given to the trustees of the settlement for the purposes of the Settled Land Act, 1882.

(3) Sections fifty-nine, sixty, and sixty-two of the Settled Land Act, 1882 (which relate to the exercise of powers on behalf of infants and lunatics), shall apply to the exercise of the power under this section in the same manner as they apply to the exercise of the powers of a tenant for life under that Act.

(4) Where the fee simple of any land or any interest in land in respect of which increment value duty or reversion duty is charged is vested in a mortgagee who is liable to pay any sum on account of either of those duties, he shall be entitled to add to his security the sum for which he is so liable, including any costs or expenses properly incurred by him in respect of the payment of the duty.

(5) In Scotland, where any person having a limited interest in the land or interest in land in respect of which any duty under this Part of this Act is charged, is the person who is liable to pay any sums on account of the duty, he shall be entitled to charge such land or such interest in land by means of a bond and disposition or bond and assignation in security in his own favour which he is hereby authorised to grant.

APPLICATION OF PART I. TO COPYHOLDS.

40. The following provisions shall have effect with respect to the application of this Part of this Act to copyholds, including customary freeholds :—

(1) In the case of copyholds of inheritance, and copyholds held for a life or lives or for years where the tenant has a right of renewal, and customary freeholds—

(a) The total and site values of the land shall be ascertained as if the land were freehold land, subject to a deduction of such an amount as is proved to the Commissioners to be equal to the amount which it would cost to enfranchise the land ;

(b) References to the fee simple of land shall be treated as references to the whole copyhold or customary interest or estate ;

(c) In the definition of "owner," a reference to the person entitled to the rents and profits of the land as tenant by copy of court roll or customary tenure shall be substituted for

the reference to the person entitled to the rents and profits of the land in virtue of an estate of freehold :

(2) In the case of copyhold land held for a life or lives, or for years where the tenant has not a right of renewal, this Part of this Act shall have effect as if the land were freehold land and the copyhold interest were a leasehold interest.

DEFINITIONS.

41. In this Part of this Act unless the context otherwise requires—

The expression "land" does not include any incorporeal hereditament issuing or granted out of the land ;

The expression "rentcharge" means tithe or tithe rentcharge, or other periodical payment or rendering in lieu of or in the nature of tithe, or any fee farm rent, rent seek, quit rent, chief rent, rent of assize, or any other perpetual rent or annuity granted out of land ;

The expression "rent" has the same meaning as in the Conveyancing and Law of Property Act, 1881, and does not include a rentcharge ;

The expression "lease" includes an under lease and an agreement for a lease or underlease, but does not include a term of years created solely for the purpose of securing money until the term becomes vested in some person free from any equity of redemption ;

The term of a lease shall, where the lease contains an obligation to renew the lease, be deemed to include the period for which the lease may be renewed, and in the case of a lease for life or lives, shall be deemed to be a number of years equal to the mean expectation of life of the person for whose life the lease is granted, or, in the case of a lease granted for lives, of the youngest of the persons for whose lives the lease is granted, and a lease renewed in pursuance of such an obligation shall not on its renewal be deemed to be determined ;

The expression "interest" in relation to land includes any undivided share in a fee simple in possession and includes reversion expectant on the determination of a lease, but does not include any other interest in expectancy or an incumbrance as defined by this Act or any fixed charge as defined by this Act or any purely incorporeal hereditament or any lease-

hold interest under a lease for a term of years not exceeding fourteen years;

The expression "incumbrance" includes a mortgage in fee or for a less estate, and a trust for securing money, and a lien, and a charge of a portion, annuity, or any capital or annual sum, but does not include a fixed charge as defined by this Act;

The expression "fixed charge" means any rentcharge as defined by this Act, and any burden or charge (other than rates or taxes) arising by operation of law or imposed by any Act of Parliament, or imposed in pursuance of the exercise of any powers or the performance of any duties under any such Act, otherwise than by a person interested in the land or in consideration of any advance to any person interested in the land;

The expression "fee simple" means the fee simple in possession not subject to any lease, but does not include an undivided share in a fee simple in possession;

The expression "owner" means the person entitled in possession to the rents and profits of the land in virtue of any estate of freehold, except that where land is let on lease for a term of which more than fifty years are unexpired, the lessee under the lease or if there are two or more such leases the lessee under the last created underlease shall be deemed to be the owner instead of the person entitled to the rents and profits as aforesaid;

The expressions "lessor" and "lessee" include an underlessor and underlessee; and the expression "lessor" includes the person for the time being entitled to the reversion, whether freehold or leasehold, expectant on the determination of the lease; and the expression "lessee" includes executors, administrators, and assigns of the lessee;

The expressions "transferor" and "lessor" do not include any persons who join in the execution of the instrument by which the transfer or lease is effected, or agreed to be effected, for the purpose only of conveying any estate vested in them as trustees or incumbrancers, or of acknowledging the receipt of the consideration money, or of giving consent, and sections fifty-nine, sixty, and sixty-two of the Settled Land Act, 1882 (which relate to the exercise of powers on behalf of infants and lunatics) shall apply to the exercise of the powers of an owner under this Part of this Act in the same manner

as they apply to the exercise of the powers of a tenant for life under that Act;

The expression "agriculture" includes the use of land as meadow or pasture land or orchard or osier or woodland, or for market gardens, nursery grounds, or allotments; and the expression "agricultural land" shall be construed accordingly.

APPLICATION OF PART I. TO SCOTLAND.

42. In the application of this Part of this Act to Scotland, unless the context otherwise requires:—

(1) The expression "land" does not include teinds, titles or offices of honour, or any servitude, superiority, casualty, feu duty, or ground annual, or any incorporeal heritable right;

The expression "rent" includes yearly or other rent, toll, duty, royalty, or other reservation by the acre, the ton or otherwise; and for the purpose of section thirty-one of this Act includes feu-duty and ground annual;

The expression "rent charge" includes feu duty and ground annual;

The expression "interest" in relation to land includes the landlord's right of reversion to the subjects let on the determination of the lease, but does not include tiends, servitude, superiorities, any interest in expectancy, whether vested or not, heritable securities, bonds of provision, jointures, annuities, or other capital or annual sums, or other debts secured upon heritage, or any sporting right, or any lease thereof;

The expression "owner" means the fiar of the land, except that where land is let on lease for a term of which more than fifty years are unexpired, the tenant under the lease shall be deemed to be the owner, and includes an institute or heir of entail in possession;

The expression "freeholder" includes "fiar," "life-renter of land settled within the meaning of the Finance Act, 1894," and "institute or heir of entail in possession," and the expression "freehold" shall be construed accordingly;

The expression "incumbrance" includes any heritable security, or other debt or payment secured upon heritage, and the expression "incumbrancer" shall be construed accordingly;

"Servitudes" shall be substituted for "easements" and shall be deemed to include public rights;

"Local Government Board for Scotland" shall be substituted for "Local Government Board";

The expression "borough or urban district" means a royal, parliamentary or police burgh;

A reference to an appeal to quarter sessions shall not apply;

"Court of Session" shall be substituted for "High Court": Provided that, for the purposes of appeals from the decisions of referees, the judges of the Court of Session named for the purpose of hearing appeals under the Valuation of Lands (Scotland) Acts shall be substituted for the High Court, subject to such regulations as may be prescribed by Act of Sederunt, and the appeal from such judges shall be to the House of Lords, and in subsections (2), (3), and (4) of section ten of the Finance Act, 1894, as applied with reference to any such appeal the said judges shall be substituted for the High Court, and sheriff court shall be substituted for county court, and there shall be an appeal from the sheriff court to the said judges, whose decision in such case shall be final.

(2) Any order of a referee as to expenses shall be enforceable as a recorded decree arbitral.

(3) Subsection (2) of section two of this Act shall be construed as if after paragraph (d) thereof the following paragraph were added (that is to say):—

(e) where the occasion is the grant of any feu of the land or the creation of any ground annual

thereon, the value of the fee simple of the land calculated on the basis of the value of the consideration for such grant or creation, by way of feu duty, ground, annual, or otherwise.

Where increment value duty falls to be collected on a feu contract or feu charter or a contract of ground annual, it shall be paid by the person by whom or on whose behalf the feu is granted or the ground annual is created, and for the purposes of this Part of this Act that person shall be deemed to be the transferor or the transferor on sale and the contract or charter to be the instrument, and the expressions "transfer" and "transfer on sale" shall be construed accordingly.

The expressions "lessor" and "lessee" include a sub-lessor and sub-lessee and the heirs, executors, administrators, and assigns of a lessor and lessee respectively.

(4) Where arrangements are made under section four of this Act for dispensing with the presentation of any instrument or particulars thereof, it shall be the duty of the keeper of the general register of sasines, and of the respective keepers of burgh or other local registers, to furnish to the Commissioners particulars of instruments presented for registration or registered in their respective registers as may be prescribed by regulations of the Commissioners, and in such case the provisions of subsection (3) of section four shall not apply.

PART II.

DUTIES ON LIQUOR LICENCES.

DUTIES ON EXCISE LIQUOR LICENCES.

43. There shall be charged, levied, and paid on the licences for the manufacture or sale of intoxicating liquor specified in the First Schedule to this Act, the duties of excise specified in that Schedule, and the provisions expressed in that Schedule to be applicable to any such licences shall have effect with respect to those licences. The said duties shall be charged on any licences which shall have been granted after the first day of July, nineteen hundred and nine, or may hereafter be granted, but in the case of any such licences granted before the thirtieth day of September, nineteen hundred and nine, the amount of the duty shall be adjusted so

as to make the sum payable in respect of the period up to that date such sum only as would have been payable if this Act had not passed.

VALUATION OF LICENSED PREMISES.

44.—(1) The annual value of any premises for the purposes of any duty charged in the First Schedule to this Act shall be determined in the same manner and subject to the same conditions (including as respects licensed premises in Ireland the provisions of subsection (7) of section forty-three of the Inland Revenue Act, 1880), as the annual value of premises is determined for the purpose of a publican's licence, and in the determination

of that value the duty on the licence is not to be allowed as a deduction.

(2) It shall be the duty of the Commissioners to prepare, and to keep corrected, a register showing the annual licence value of all fully licensed premises and all beerhouses.

For the purpose of this provision the annual licence value shall be taken to be the amount by which the annual value of the premises as licensed premises exceeds the annual value which the premises would bear if they were not licensed premises, those values being calculated on the same basis as that on which the amount to be paid as compensation under section two of the Licensing Act, 1904, is calculated in default of agreement and approval in cases where compensation is payable under that Act, but there shall not be included in the value of the premises as licensed premises any amount on account of depreciation of trade fixtures.

The annual licence value shall be fixed and certified for the purposes of this Act by the Commissioners of Inland Revenue, and those Commissioners shall send by post a copy of the certificate (and in case any correction is subsequently made in the amount certified, a copy of the corrected certificate) to the licence-holder stating the two annual values by reference to which the annual licence value has been arrived at, and on the application of any other person who appears to them to be interested in the premises furnish a copy of the certificate or corrected certificate to him, and any such certificate shall be subject to the like appeal as that to which the determination of the Commissioners of Inland Revenue of the amount to be paid for compensation under subsection (2) of section two of the Licensing Act, 1904, is for the time being subject, with the substitution, as respects Scotland of the Judges of the Court of Session named for the purpose of hearing appeals under the Valuation of Land (Scotland) Acts, and as respects Ireland of the High Court of Justice of Ireland, for the High Court, and the costs on any such appeal shall be in the discretion of that court.

In estimating for that purpose the value as licensed premises of hotels or other premises used for purposes other than the sale of intoxicating liquor, no increased value arising from profits not derived from the sale of intoxicating liquor shall be taken into consideration.

(3) The licence holder and any person interested in licensed premises shall, if required by the Commissioners, make a return in such form and containing such particulars as the Commissioners may properly require for the purpose of the ascertainment under this section of the annual value or the annual licence value of the premises, and if any person fails to make such a return within the time, not being less than thirty days, specified

in the notice requiring the return, he shall be liable on summary conviction to a fine not exceeding twenty pounds.

REDUCTION OF DUTY IN CASE OF HOTELS OR RESTAURANTS.

45.—(1) Where in the case of any licensed premises which are structurally adapted to be used and bonâ fide used for the purpose of the reception of guests and travellers desirous to sleep in the premises, or which are licensed premises structurally adapted for use, and bonâ fide used as a restaurant, it is shown to the satisfaction of the Commissioners that the receipts from the sale of intoxicating liquor were in the preceding year less in the case of a restaurant than two-fifths, and in the case of any other premises than one-third of the total receipts in that year from the business of all descriptions carried on by the licence holder in the premises, the duty payable under this Act in respect of the licence shall, subject to the minimum provided by this section, be a reduced duty bearing the same proportion to the full duty payable as the receipts from the sale of intoxicating liquor bear to the total receipts.

(2) For the purpose of the calculation of receipts under this section, the year shall be the year ending the thirty-first day of March or such other day as the Commissioners may fix for any area or to meet the circumstances of a particular case or cases.

(3) The reduced duty payable under this section may, at the option of the person by whom the duty is payable (but subject to the minimum provided by this section), be a duty of twenty-five per cent. on such amount as the Commissioners of Inland Revenue certify to be the annual licence value of the premises, and those Commissioners shall on the application of any person by whom the duty is payable certify that amount subject to appeal in manner herein-before provided in any case where that amount has not been determined for the purpose of the register to be prepared under this Act.

(4) The reduced duty payable under this section shall not be less than one-thirtieth of the annual value of the premises in the case of fully licensed premises, and in any other case one-fifteenth of the full duty, but shall not in any case to which a minimum duty is applicable under Scale 3 in the First Schedule to this Act be less than that minimum duty.

(5) The Commissioners may make regulations for adapting the provisions of this section to cases where a licence is granted in respect of premises for which such a licence has not previously been in force or where the annual licence value of the premises has not

been certified, and may by those regulations provide for the grant of a licence in cases where they are satisfied that it is probable that the premises for which the licence is granted are premises to which this section will apply, on a provisional payment of one-fifth of the full duty, and for adjustment of the duty after the licence has been in force for six months in accordance with the receipts for those six months, or after the annual licence value has been certified, either by the repayment of any duty which is found to have been paid in excess, or by the recovery as a debt due to His Majesty of any sum by which the amount paid as duty falls short of the amount which is found to be payable.

(6) The power to obtain a licence on payment of a reduced amount of duty in the case of a six-day licence and in the case of an early closing licence shall not apply where a reduced duty is payable under this section; but in cases to which this section applies, effect shall be given to the statutory enactments as to six-day and early closing licences by calculating the full duty payable as the amount of that duty reduced in the case of a six-day or early closing licence by one-seventh, and in the case of a licence which is both a six-day and an early closing licence by two-sevenths.

DISTRIBUTION OF PAYMENTS ON ACCOUNT OF LICENCE DUTIES IN CERTAIN CASES.

46. Where the licence holder is bound by any covenant, agreement, or undertaking, or is otherwise under any direct or indirect obligation of any kind, to obtain a supply of intoxicating liquor from any person or persons, the licence holder shall be entitled, notwithstanding any agreement to the contrary, to recover as a debt due from or deduct from any sum due to any such person so much of any increase of the duty payable in respect of his licence occasioned by this Act as may be agreed upon, or in default of agreement determined by the Commissioners to be proportionate to any increased rent of the licensed premises, or increased prices of intoxicating liquor supplied, or other benefit obtained by such person by reason of any such covenant, agreement, undertaking, or obligation as aforesaid.

REDUCTION OF MONOPOLY VALUE PAYMENTS IN CERTAIN CASES.

47.—(1) Where it is shown to the Commissioners that the amount of any annual payments to be made, or of any capital sum which has been paid, in pursuance of conditions attached to the grant of a new on-licence for securing to the public monopoly value under section four of the Licensing Act, 1904, exceeds the amount which should reasonably be re-

quired having regard to the increase in the duty on the licence under this Act, the Commissioners shall, after giving the justices by whom the conditions have been attached to the licence an opportunity of reporting to them on the matter, reduce in such manner as shall be just the amount of any payment to be so made, or in cases where a capital sum has been paid allow such a reduction from the duty to be paid for the licence as shall be just, having regard to the decrease, if any, of the monopoly value owing to the increase of the duty on the licence, but any decision of the Commissioners as to the reduction to be made under this provision shall be subject to the like appeal as that to which the determination by the Commissioners of Inland Revenue of the amount to be paid for compensation under sub-section (2) of section two of the Licensing Act, 1904, is subject under that Act.

(2) Any amount by which the duty on the licence is reduced under this section shall be deducted, in accordance with directions of the Treasury, from the next payment made out of the local taxation account to the council of the county or county borough who have had the benefit of the original capital sum paid, and the amount to be paid into the local taxation account on account of the proceeds of the duties on the licences for the sale of intoxicating liquor shall be reduced accordingly.

DUTY ON STATEMENT OF PURCHASES OF INTOXICATING LIQUOR TO BE SUPPLIED IN A CLUB.

48.—(1) It shall be the duty of the secretary of every registered club to deliver to the Commissioners, in the month of January in every year or within such further time as the Commissioners may in any case allow, a statement of the purchases during the preceding calendar year of intoxicating liquor to be supplied in or to the club or on behalf of the club to the members thereof, in such form and containing such particulars as may be prescribed by the Commissioners, and every such statement shall be charged with an Excise duty of sixpence for every pound of the purchases shown in the statement.

(2) If the secretary of a club fails to deliver a statement in accordance with this section after a notice in writing from the Commissioners requiring him so to do has been served on him, either by leaving it at the club premises or by sending it to him by post addressed to the club, he shall be liable on summary conviction to a fine not exceeding twenty pounds, and in the case of a second or subsequent offence to imprisonment with or without hard labour for a term not exceeding one month or to a fine not exceeding fifty pounds or to both, and if he knowingly delivers a statement which is in any material particular untrue, he shall be liable on sum-

many conviction to imprisonment with or without hard labour for a term not exceeding three months, or to a fine not exceeding fifty pounds, or to both imprisonment and fine.

(3) If any duty under this section remains unpaid after the first day of March in any year, the duty may be levied by distress on the premises of the club in respect of which the duty is due, and the collector of Customs and Excise may, for that purpose, by warrant signed by him, authorise any person to distrain upon the premises, and to sell any distress levied by public auction, after giving six days' previous notice of the sale:

Provided that a distress shall not be levied under this provision unless notice in writing requiring the payment of the amount of duty unpaid has been served on the secretary of the club by leaving the notice at the club premises or by sending it to him by post addressed to the club:

The proceeds of the sale shall be applied in or towards payment of the costs and expenses of the distress and sale, and the payment of the duty due, and the surplus, if any, shall be paid to the secretary of the club, and treated by him as part of the funds of the club.

(4) If any duty payable under this section remains unpaid after the first day of March in any year, or if the secretary of a club fails in any year to deliver a statement as required by this section, the supply of any intoxicating liquor in the club shall, so long as the duty remains unpaid, or the failure continues, as the case may be, be deemed to be a sale of intoxicating liquor without a licence.

(5) The Commissioners may make regulations for adapting the provisions of this section to the case of a club which is discontinued as a registered club during any calendar year, and for procuring a statement under this section of the purchases of intoxicating liquor up to the date of the discontinuance of the club as a registered club, and for charging the duty under this section in respect of that statement.

(6) The clerk by whom any register of clubs is kept shall send notice to the Commissioners of the entry of any new club, and of any case in which a club ceases to be registered, upon the register kept by him.

GRANT OF LICENCES AND DATE OF EXPIRATION OF LICENCES.

49.—(1) The licences specified in the First Schedule to this Act shall be in such form as the Commissioners direct, and any such licence may be granted on payment of the appropriate duty by any officer of Customs and Excise authorised to grant the licence by the Commissioners.

(2) Manufacturers' licences shall expire on the thirtieth day of September and wholesale dealers' licences shall expire on the thirtieth day of June in every year, and any other licences specified in the First Schedule to this Act which are to be taken out annually shall (subject as herein-after provided) expire in England and Ireland on the thirtieth day of September and in Scotland on the twenty-eighth day of May in each year:

Provided that where a retailer's off-licence for the sale of any liquor is held by the holder of a wholesale dealer's licence for the sale of the same liquor, the retailer's licence shall expire on the same day as that on which the wholesale dealer's licence expires.

(3) Where the duty payable by any person under this Part of this Act on any licence exceeds the sum of sixty pounds the licence may, at the option of the licence-holder, be granted upon payment of one-half only of the duty so payable, and in that case the other half of the duty shall be paid immediately after the expiration of six months from the commencement of the year for which the licence was granted, or, in case the licence was granted after the month of September, on the first day of March next after the commencement of the year for which the licence was granted, and in default of payment of the second half of the duty the licence shall cease to be in force.

This provision shall apply to two or more licences granted in respect of one set of premises as it applies to a single licence.

PENALTIES.

50.—(1) If any person makes or manufactures any intoxicating liquor, for the making or manufacture of which he is required to take out a licence under this Act, without taking out such a licence, he shall be liable in respect of each offence to an excise penalty of five hundred pounds.

(2) If any person deals wholesale in any intoxicating liquor, for the wholesale dealing in which he is required to take out a licence under this Act, without taking out such a licence, he shall be liable in respect of each offence to an excise penalty of one hundred pounds.

(3) If any person sells by retail any intoxicating liquor, for the retail sale of which he is required to take out a licence under this Act, without taking out such a licence, he shall be liable in respect of each offence, at the election of the Commissioners, either to an excise penalty of fifty pounds, or to an excise penalty equal to treble the amount of the full duty.

(4) If any person holding any of the licences specified in the First Schedule to this Act con-

travenes the terms of the licence, or sells otherwise than as he is authorised by the licence, or contravenes any of the provisions applicable to the licence under that Schedule, he shall be liable in respect of each offence, if the offence is not an offence for which any specific penalty is imposed by any Act relating to excise duties or licences, to an excise penalty of fifty pounds.

GENERAL.

RELATION OF LICENCES GRANTED UNDER ACT TO LICENCES ABOLISHED.

51.—(1) Any reference in any Act or document to any description of Excise licence for the manufacture or sale of intoxicating liquor which is expressed in the First Schedule to correspond to any description of licence which may be granted under this Act shall be deemed to be a reference to the description of licence to which it is expressed to correspond.

(2) The additional retail licences for the sale of spirits or liqueurs or beer granted to a dealer in spirits or beer, and the licence for the sale of table beer, and the combined licence for the sale by retail of wine and beer, shall cease to be granted, without prejudice to the continuance of any such licence which is in force at the time of the passing of this Act until the date when the licence expires in accordance with the provisions of this Act.

(3) Where any existing excise licence may be granted without a justices' licence being required, no justices' licence shall be required for the issue of the corresponding excise licence under this Act.

DEFINITIONS.

52. In this Part of this Act—

The expression "beer" includes ale, porter, spruce beer, black beer, and any other description of beer, and any liquor which is made or sold as a description of beer or as a substitute for beer, and which on analysis of a sample thereof at any time is found to contain more than two per cent. of proof spirit;

The expression "wine" means wine imported into Great Britain or Ireland;

The expression "sweets" means any liquor which is made from fruit and sugar, or from fruit or sugar mixed with any other material, and which has undergone a process of fermentation in the manufacture thereof, and includes British wines, made wines, mead, and metheglin;

Any reference to cider shall include a reference to perry;

The expression "registered club" means a club for the time being registered under the Licensing Act, 1902, and in Scotland and Ireland a registered club within the meaning of the Licensing (Scotland) Act, 1903, and the Registration of Clubs (Ireland) Act, 1904, respectively;

The expression "passenger vessel" means a vessel of any description employed for the carriage and conveyance of passengers which goes from any place in the United Kingdom to any other place in the United Kingdom, or goes from and returns to the same place in the United Kingdom on the same day;

The expression "publican's licence" means the on-licence to be taken out by a retailer of spirits, and the expression "beerhouse licence" means the on-licence to be taken out by a retailer of beer;

The expression "fully licensed premises" means premises to which a publican's licence is attached, and the expression "beerhouse" means premises to which a beerhouse licence is attached;

The expression "premises" in relation to the value of licensed premises includes any offices, courts, yards, and gardens occupied together with the house in which the liquor is sold, except any such offices, courts, yards, or gardens as are proved to the satisfaction of the Commissioners to be used for any trade or business distinct from any trade or business carried on upon the premises by the licence holder.

The expression "fully duty" means the duty which would be charged under the First Schedule to this Act without taking into consideration any reduction or allowance or, in cases where duty may be charged under that schedule by reference to annual value, any alternative mode of charging the duty.

TEMPORARY PROVISION.

TEMPORARY PROVISION AS TO EXPIRATION OF LICENCES.

53.—(1) All Excise licences for the manufacture or sale of intoxicating liquor which are to be taken out annually and are in force at the time of the passing of this Act (in this section referred to as existing licences) shall cease to be in force on the thirty-first day of December next after the passing of this Act, and the Commissioners shall repay or allow to the holder of any such existing licence an

amount of duty proportionate to the time by which the period of the currency of the licence is diminished under this provision after deducting in the case of licences granted since the first day of July, nineteen hundred and nine, any additional sum which the licence-holder may be required under the provisions of this Act to pay as duty for the period since the thirtieth day of September, nineteen hundred and nine. If the additional sum to be paid by the licence-holder exceeds the sum to be repaid or allowed the excess shall be treated as an addition to the duty to be paid in respect of any licence granted in substitution for the existing licence.

(2) Where any licence granted under this Act in substitution for a corresponding existing licence expires by virtue of the provisions of this Act before the expiration of a full year the duty payable on the licence shall be proportionately reduced.

(3) The duty upon a licence to a brewer of beer for sale granted to expire on the thirtieth day of September, nineteen hundred and ten, may be paid, if the licence-holder so desires, as to the last one-fourth part thereof, upon the first day of July, nineteen hundred and ten, and if the payment is not then made the licence shall thereupon cease to be in force.

PART III.

DEATH DUTIES.

AMENDED RATES OF ESTATE DUTY AND SETTLEMENT ESTATE DUTY.

54. The scale set out in the Second Schedule to this Act shall, in the case of persons dying on or after the thirtieth day of April, nineteen hundred and nine, be substituted for the scale set out in the First Schedule to the Finance Act, 1907, as the scale of rates of estate duty, and *two per cent.* shall be substituted for one per cent. in section seventeen of the Finance Act, 1894 (in this Part of this Act referred to as the principal Act), as the rate of settlement estate duty.

LIMITATION OF RELIEF FROM ESTATE DUTY IN RESPECT OF SETTLED PROPERTY.

55. For the purpose of any claim to relief from estate duty under subsection (2) of section five or subsection (1) of section twenty-one of the principal Act, in the case of persons dying on or after the thirtieth day of April, nineteen hundred and nine, payment of or liability to duty, whether the payment was made or the liability attached before, on, or after that date, shall not be deemed to be a payment of or liability to duty in respect of settled property if the payment was made or the liability attached in respect of an interest in expectancy in any property on the death of a person other than the settlor.

POWER TO TRANSFER LAND IN SATISFACTION OF ESTATE DUTY, SETTLEMENT ESTATE DUTY, OR SUCCESSION DUTY.

56.—(1) The Commissioners may, if they think fit, on the application of any person liable to pay estate duty or settlement estate duty or succession duty in respect of any real (including leasehold) property, accept in satisfaction of the whole or any part of such duty

such part of the property as may be agreed upon between the Commissioners and that person.

(2) No stamp duty shall be payable on any conveyance or transfer of land to the Commissioners under this section.

(3) The Commissioners may hold any property transferred to them under this section and shall deal with it in such manner as Parliament may hereafter determine.

LIMITATION ON DEBTS DEDUCTIBLE FROM VALUE OF ESTATE.

57. Where a debt or incumbrance has been incurred or created in whole or in part for the purpose of or in consideration for the purchase or acquisition or extinction, whether by operation of law or otherwise, of any interest in expectancy within the meaning of the principal Act in any property passing or deemed to pass on the death of a person dying after the passing of this Act, and any person whose interest in expectancy is so purchased, acquired, or extinguished becomes (under any disposition made by, or through devolution of law from, or under the intestacy of, the deceased) entitled to any interest in that property, then in determining the value of the estate of the deceased for the purpose of estate duty no allowance shall be made in respect of such debt or incumbrance, and any property charged with any such debt or incumbrance shall be deemed to pass freed from that debt or incumbrance:

Provided that—

(a) If part only of such debt or incumbrance was incurred or created for such purpose or as such consideration as aforesaid, this provision shall apply to that part of such debt or incumbrance only; and

(b) If a person whose interest in expectancy in the property so purchased, acquired, or extinguished becomes entitled to an interest in part only of that property, this provision shall apply only to such part of the debt or incumbrance as bears the same proportion to the whole debt or incumbrance as the value of the part of the property to an interest in which he becomes entitled bears to the value of the whole of that property.

AMENDMENT OF RATES OF LEGACY DUTY AND SUCCESSION DUTY.

58.—(1) Any legacy or succession duty which under the Stamp Act, 1815, or the Succession Duty Act, 1853, or any other Act, is payable at the rate of three per cent. shall be payable at the rate of five per cent., and any legacy or succession duty which under the said Acts is payable at the rate of five per cent. or six per cent. shall be payable at the rate of ten per cent. on the amount or value of the legacy or succession.

(2) The legacy and succession duty payable at the rate of one per cent. on the amount or value of any legacy or succession under the Stamp Act, 1815, and the Succession Duty Act, 1853, or any other Act, shall be levied and paid notwithstanding any repeal effected by or anything contained in the principal Act (except subsection (3) of section sixteen thereof) or any other Act, and the duty shall also be levied and paid in cases where the person taking the legacy or succession is the husband or wife of the testator, intestate, or predecessor as in cases where the person taking the legacy or succession is a lineal ancestor or descendant of the testator, intestate, or predecessor:

Provided that the duty shall not be levied—

(a) Where the principal value of the property passing on the death of the deceased in respect of which estate duty is payable (other than property in which the deceased never had an interest, and property of which the deceased never was competent to dispose and which on his death passes to persons other than the husband or wife or a lineal ancestor or descendant of the deceased) does not exceed fifteen thousand pounds, whatever may be the value of the legacy or succession; or

(b) Where the amount or value of the legacy or succession together with any other legacies or successions derived by the same person from the testator, intestate, or predecessor does not exceed one thousand pounds, whatever may be the principal value of such property; or

(c) Where the person taking the legacy or succession is the widow or a child under the age of twenty-one years of the testator, intestate, or predecessor, and the amount or value of the legacy or succession together with any other legacies or successions derived by the same person from the testator, intestate, or predecessor does not exceed two thousand pounds, whatever may be the principal value of such property.

(3) In this section, the expression “deceased” means in the case of a legacy the testator (including a person making a donation mortis causa) or intestate, and in the case of a succession arising through devolution by law, the person on whose death the succession arises, and in the case of a succession arising under a disposition, the person on whose death the first succession thereunder arises; and the expression “legacy” includes residue and share of residue.

(4) This section shall take effect in the case of legacy duty only where the testator by whose will the legacy is given or the intestate on whose death the legacy duty is payable, dies on or after the thirtieth day of April, nineteen hundred and nine, and in the case of a succession arising through devolution by law, only where the succession arises on or after that date, and in the case of a succession arising under a disposition, only if the first succession under the disposition arises on or after that date.

PROVISIONS AS TO GIFTS AND DISPOSITIONS INTER VIVOS.

59.—(1) In the case of a person dying on or after the thirtieth day of April, nineteen hundred and nine, the period preceding the death of the deceased before which a disposition purporting to operate as an immediate gift inter vivos must have been made, or a surrender, assurance, divesting, or disposition must have been made or effected, in order that the property taken under the disposition, or affected by the surrender, assurance, divesting or disposition, may not be included as property passing on the death of the deceased, shall be three years instead of twelve months before the death, and accordingly paragraph (a) of subsection (2) of section thirty-eight of the Customs and Inland Revenue Act, 1881 (as amended by section eleven of the Customs and Inland Revenue Act, 1889, and applied by paragraph (c) of subsection (1) of section two of the principal Act), subsection (3) of section two of the principal Act, and section eleven of the Finance Act, 1900, shall be read as if three years were substituted for twelve months:

Provided that this section shall not apply to any gift inter vivos, surrender, assurance, divesting, or disposition made or effected

before the thirtieth day of April, nineteen hundred and eight, or made or effected for public or charitable purposes.

(2) So much of paragraph (c) of subsection (1) of section two of the principal Act and this section as makes gifts inter vivos property which is deemed to pass on the death of the deceased shall not apply to gifts which are made in consideration of marriage, or which are proved to the satisfaction of the Commissioners to have been part of the normal expenditure of the deceased, and to have been reasonable, having regard to the amount of his income, or to the circumstances, or which, in the case of any donee, do not exceed in the aggregate one hundred pounds in value or amount.

(3) Where property taken under such a disposition or affected by such a surrender, assurance, divesting, or disposition as aforesaid is deemed to be property passing on the death of the deceased by reason only that the property was not, as from the date of the disposition, surrender, assurance, or divesting, retained to the entire exclusion of the deceased or a person who had an estate or interest limited to cease on the death of the deceased, and of any benefit to him by contract or otherwise, the property shall not be deemed to pass on the death of the deceased if subsequently, by means of the surrender of the benefit reserved or otherwise, it is enjoyed to the entire exclusion of the deceased or such other person as aforesaid, and of any benefit to him by contract or otherwise, for such period preceding the death of the deceased as is provided by this section.

AMENDMENT AS TO VALUE OF PROPERTY.

60.—(1) In the case of any person dying on or after the thirtieth day of April, nineteen hundred and nine, the proviso to subsection (5) of section seven of the principal Act (which relates to the estimation of the principal value of property for the purposes of estate duty) shall cease to have effect.

(2) In estimating the principal value of any property under subsection (5) of section seven of the principal Act, in the case of any person dying on or after the thirtieth day of April, nineteen hundred and nine, the Commissioners shall fix the price of the property according to the market price at the time of the death of the deceased, and shall not make any reduction in the estimate on account of the estimate being made on the assumption that the whole property is to be placed on the market at one and the same time:

Provided that where it is proved to the Commissioners that the value of the property has been depreciated by reason of the death of the deceased, the Commissioners in fixing the price shall take such depreciation into account.

(3) An appeal shall not lie under section ten of the principal Act, whether as originally enacted or as applied by any other enactment, where the question in dispute is a question of the value of any real (including leasehold) property, but if any person is aggrieved by the decision of the Commissioners as to the value of any such property, he may appeal against the decision in manner prescribed by Part I. of this Act, and the provisions as to appeals under that Part of this Act shall apply accordingly.

SPECIAL PROVISIONS WITH RESPECT TO CERTAIN CLASSES OF PROPERTY.

61.—(1) Notwithstanding anything in the last preceding section, the proviso to subsection (5) of section seven of the principal Act shall continue to apply to the valuation of property consisting of a tenancy from year to year, and for determining the gross value of property for the purpose of section sixteen of the principal Act.

(2) Where it is claimed that a fixed duty is payable in respect of any property under subsection (1) of section sixteen of the principal Act as being property of a gross value not exceeding three hundred pounds or five hundred pounds, as the case may be, and such property includes property which is proved to the satisfaction of the Commissioners to be subject to a charge created for the purpose of securing unpaid purchase money, or money borrowed for the purpose of paying purchase money, or to be subject to or liable to be made subject to a charge for securing an advance made or to be made for the purpose of the purchase thereof, the value thereof for the purpose of determining the gross value of the property under the said section shall be taken to be its value subject to such charge or liability as aforesaid.

(3) Land subject to an annuity under the Land Purchase (Ireland) Acts shall be treated as real property for the purposes of subsection (8) of section six of the principal Act (relating to the payment of estate duty by instalments).

(4) Where the property passing on the death of a person dying after the passing of this Act comprises the purchase money of land agreed to be sold under the Land Purchase (Ireland) Acts, but the purchase money has not been paid, the estate duty payable in respect of that purchase money may, at the option of the person liable to pay the same, be postponed until the purchase money is actually paid, and shall then become payable, but the person liable to pay the duty shall in the meantime pay annually interest on the amount of the duty payable at the rate of three per cent. per annum.

(5) Where an estate, in respect of which estate duty is payable on the death of a person dying after the passing of this Act, com-

prises land on which timber, trees, or wood are growing, the value of such timber, trees, or wood shall be aggregated with the other property passing on the death of the deceased for the purpose of determining the value of the estate and the rate of estate duty, but the estate duty which, but for this subsection, would be payable on the principal value of the timber, trees, or wood shall not be payable thereon, but shall, at the rate so ascertained, be payable on the net moneys (if any), after deducting all necessary outgoings since the death of the deceased, which may from time to time be received from the sale of the timber, trees, or wood, when felled, during the period which may elapse until the land on the death of some other person again becomes liable or would, but for this subsection, have become liable to estate duty, and the owners or trustees of such land shall account for and pay the same accordingly as and when such moneys are received, with interest at the rate of three per cent. per annum from the date when such moneys are received :

Provided that if at any time the timber, trees, or wood are sold, either with or apart from the land on which they are growing, the amount of estate duty on the principal value thereof which, but for this subsection, would have been payable on the death of the deceased, after deducting the amount (if any) of estate duty paid in respect of the timber, trees, or wood under this subsection since that date, shall become payable.

This subsection shall apply to succession duty payable in respect of woodlands in like manner as it applies to estate duty, except that nothing in this subsection shall affect the rate of succession duty.

DEDUCTION OF AMOUNT PAID FOR INCREMENT VALUE DUTY FROM VALUE OF ESTATE FOR PURPOSES OF ESTATE DUTY.

62. Where increment value duty is to be collected on the occasion of the death of any person in respect of the fee simple of any land or any interest in land comprised in the pro-

perty passing on the death of that person, allowance shall be made in determining the value of the estate for the purposes of estate duty under subsection (1) of section seven of the principal Act, for the amount of increment value duty so to be collected as if it were a debt.

EXTENSION OF EXEMPTION OF OBJECTS OF NATIONAL, SCIENTIFIC, OR HISTORIC INTEREST.

63. In the case of any person dying on or after the thirtieth day of April, nineteen hundred and nine, section twenty of the Finance Act, 1896 (which gives an exemption for objects of national, scientific, or historic interest), shall be extended so as to give an exemption from legacy and succession duty as well as from estate duty, and as so extended shall take effect whether the property in respect of which the exemption is given is settled or not, and as if the reference therein to national, scientific, or historic interest included a reference to artistic interest, and duty shall only become chargeable when the property is sold, and then only in respect of the last death on which the property passed.

PROTECTION OF PURCHASERS AND MORTGAGEES OF INTERESTS IN EXPECTANCY.

64. Where an interest in expectancy within the meaning of Part I. of the principal Act in any property has, before the thirtieth day of April, nineteen hundred and nine, been *bonâ fide* sold or mortgaged for full consideration in money or money's worth, then no other duty on that property shall be payable by the purchaser or mortgagee when the interest falls into possession than would have been payable if this Part of this Act had not passed, and in the case of a mortgage any higher duty payable by the mortgagor shall rank as a charge subsequent to that of the mortgagee.

PART IV.

INCOME TAX.

INCOME TAX FOR 1909-1910.

65.—(1) Income tax for the year beginning on the sixth day of April nineteen hundred and nine shall be charged at the rate of one shilling and twopence.

(2) All such enactments relating to income tax as were in force on the fifth day of April nineteen hundred and nine shall, subject to

the provisions of this Act, have full force and effect with respect to any duties of income tax hereby granted.

(3) The annual value of any property which has been adopted for the purpose either of income tax under Schedules A. and B. in the Income Tax Act, 1853, or of inhabited house duty, during the year ending on the fifth day of April nineteen hundred and nine shall be

taken as the annual value of such property for the same purpose during the next subsequent year; provided that this subsection—

- (a) so far as respects the duty on inhabited houses in Scotland, shall be construed with the substitution of the twenty-fourth day of May for the fifth day of April; and
 - (b) shall not apply to the metropolis as defined by the Valuation (Metropolis) Act, 1869.
- (4) Section thirty-eight of the Finance Act, 1894 (which relates to duty on dividends, &c. paid prior to the passing of the Act), shall be applied with respect to the year which commenced on the sixth day of April nineteen hundred and nine, as it was applied with respect to the year which commenced on the sixth day of April eighteen hundred and ninety-four.

SUPER-TAX ON INCOMES OVER 5,000L.

66.—(1) In addition to the income tax charged at the rate of one shilling and two-pence under this Act, there shall be charged, levied, and paid for the year beginning on the sixth day of April nineteen hundred and nine, in respect of the income of any individual, the total of which from all sources exceeds five thousand pounds, an additional duty of income tax (in this Act referred to as a super-tax) at the rate of sixpence for every pound of the amount by which the total income exceeds three thousand pounds.

(2) For the purposes of the super-tax, the total income of any individual from all sources shall be taken to be the total income of that individual from all sources for the previous year, estimated in the same manner as the total income from all sources is estimated for the purposes of exemptions or abatements under the Income Tax Acts; but, in estimating the income of the previous year for the purpose of super-tax,—

- (a) there shall be deducted in respect of any land on which income tax is charged upon the annual value estimated otherwise than in relation to profits (in addition to any other deduction) any sum by which the assessment is reduced for the purposes of collection under section thirty-five of the Finance Act, 1894, or on which duty has been repaid under the provisions of this Act relating to the repayment of duty in respect of the cost of maintenance, repairs, insurance, and management; and
- (b) there shall be deducted the amount of any premiums in respect of which relief

from income tax may be allowed under section fifty-four of the Income Tax Act, 1853 (as extended by any subsequent enactment); and

- (c) there shall be deducted in the case of a person in the service of the Crown abroad, any such sum as the Treasury may allow for expenses which in their opinion are necessarily incidental to the discharge of the functions of his office and for which an allowance has not already been made;
- (d) Any income which is chargeable with income tax by way of deduction shall be deemed to be income of the year in which it is receivable, and any deductions allowable on account of any annual sums paid out of the property or profits of the individual shall be allowed as deductions in respect of the year in which they are payable, notwithstanding that the income or the annual sums, as the case may be, accrued in whole or in part before that year.

FURTHER RELIEF IN RESPECT OF EARNED INCOMES.

67. Section nineteen of the Finance Act, 1907, shall apply to any individual who claims and proves, in manner provided by that section, that his total income from all sources exceeds two thousands pounds and does not exceed three thousand pounds, as if one shilling were substituted for ninepence, and as if, as respects any such individual, the thirtieth day of November nineteen hundred and nine were substituted for the thirtieth day of September nineteen hundred and seven.

RELIEF IN RESPECT OF CHILDREN.

68.—(1) If any individual who has been assessed or charged to income tax, or has paid income tax either by deduction or otherwise, claims and proves in manner prescribed by the Income Tax Acts that his total income from all sources, although exceeding one hundred and sixty pounds, does not exceed five hundred pounds, and that he has a child or children living and under the age of sixteen years at the commencement of the year for which the income tax is charged, he shall be entitled, in respect of every such child, to relief from income tax equal to the amount of the income tax upon ten pounds.

The expression "child" and the expression "children" in this provision includes step-child or stepchildren, but does not include illegitimate child or illegitimate children: Provided that where the parents of any illegitimate child or children shall, after the birth of such child or children, have married each

other, such illegitimate child or children shall be included in the expression "child" and "children."

(2) Any relief under this section shall be given either by reduction of the assessment, or repayment of the excess which has been paid, or by both those means, as the case may require.

(3) Subsections (2) and (3) of section nineteen of the Finance Act, 1907, shall be construed as if this section were mentioned therein as well as section eight of the Finance Act, 1898, and section fifty-four of the Income Tax Act, 1853, and the provisions of the Income Tax Acts, which relate to claims for exemption, relief, or abatement, or the proof to be given with respect to those claims shall apply to claims for relief under this section, and the proof to be given with respect to those claims.

EXTENSION OF RELIEF FROM INCOME TAX UNDER SCHEDULE A.

69.—(1) If the owner of any land or houses to which this section applies shows that the cost to him of maintenance, repairs, insurance, and management, according to the average of the preceding five years, has exceeded, in the case of land, one-eighth part of the annual value of the land as adopted for the purpose of income tax under Schedule A, and in the case of houses one-sixth part of that value, he shall be entitled, in addition to any reduction of the assessment under section thirty-five of the Finance Act, 1894, on making a claim for the purpose, to repayment of the amount of the duty on the excess, not exceeding in the case of land one-eighth part and in the case of houses one-twelfth part of the duty on an amount equal to the annual value.

For the purposes of this section the term "maintenance" shall include the replacement of farm-houses, farm buildings, cottages, fences, and other works where the replacement is necessary to maintain the existing rent.

(2) This section shall apply to any land (inclusive of farmhouses and other buildings, if any) the assessment on which is, for the purpose of collection, reduced under section thirty-five of the Finance Act, 1894, and to any houses the annual value of which, as adopted for the purpose of income tax under Schedule A, does not exceed eight pounds, the assessment on which is so reduced.

(3) In comparing the cost of maintenance, repairs, insurance, and management of any land or houses for the purpose of this section with the annual value of the land or houses, the total cost of the maintenance, repairs, insurance, and management on any land managed as one estate, or of any houses on any such land, shall be compared with the

total annual value of the land or houses as the case may be.

(4) All the provisions of the Income Tax Acts which relate to claims for exemption, relief, or abatement, or the proof to be given with respect to those claims, shall apply to claims for repayment under this section and the proof to be given with respect to those claims:

Provided that if the owner of any land or house makes and delivers to the surveyor of taxes of any district in which the land or house is wholly or partly situate a declaration as to the cost to him of maintenance, repairs, insurance, and management, and the surveyor is satisfied as to the correctness of the declaration, the amount of the allowance to which the owner is entitled under this section shall be certified by the surveyor, and repayment shall thereupon be made in accordance with his certificate.

(5) In computing the five-year average for the purposes of this section, the year shall be taken to be the year ending on the thirty-first day of March, or such other date as may be adopted by the owner of the land or houses with the consent of the surveyor of taxes of the district, and the five preceding years shall be taken to be those preceding the commencement of the year for which the duty in respect of which a claim for repayment is made is charged.

EXTENSION OF EXEMPTION FOR PROVIDENT FUNDS OF FRIENDLY SOCIETIES AND TRADE UNIONS.

70. The exemption from income tax granted by the Income Tax Acts to a friendly society, and by the Trade Union (Provident Funds) Act, 1893, to a registered trade union, by the rules of which it appears that the sums assured to any person by the society or union do not exceed if by way of gross sum two hundred pounds, or if by way of an annuity thirty pounds a year, shall extend to any registered friendly society and to any registered trade union, if the society or union are restricted either by virtue of any Act of Parliament or by their rules from assuring to any person any sum exceeding three hundred pounds by way of gross sum or fifty-two pounds a year by way of annuity.

EXEMPTIONS AND ABATEMENTS IN CASE OF PERSONS NOT RESIDENT IN THE UNITED KINGDOM.

71.—(1) No exemption, abatement, or relief under the Income Tax Acts which depends wholly or partially on the total income of an individual from all sources shall be given to any person, unless the person claiming the

exemption, abatement, or relief is resident in the United Kingdom :

Provided that any person who is or has been employed in the service of the Crown or who is employed in the service of any missionary society abroad or in the service of any of the native states under the protectorate of the British Crown, and any person resident in the Isle of Man or Channel Islands and any person resident abroad who satisfies the Commissioners that he is so resident for the sake of health, shall be entitled to any relief, exemption, or abatement to which he would be entitled if he were resident in the United Kingdom, and if his total income from all sources were calculated as including any income in respect of which income tax may not be chargeable as well as income in respect of which income tax is chargeable.

(2) Income tax shall not be payable in respect of the interest or dividends of any securities of a foreign State or a British possession which are payable in the United Kingdom, where it is proved to the satisfaction of the Commissioners that the person owning the securities and entitled to the interest or dividends is not resident in the United Kingdom ; but, save as provided by this or any other Act, no allowance shall be given or repayment made in respect of the income tax on the interest or dividends on the securities of any foreign State or any British possession which are payable in the United Kingdom.

Relief from income tax under this subsection may be given by the Commissioners either by way of allowance or repayment on a claim being made to them for the purpose within six months of the end of the year for which the income tax is charged.

SPECIAL PROVISIONS AS TO ASSESSMENT OF SUPER-TAX.

72.—(1) The super-tax shall be assessed and charged by the Commissioners for the special purposes of the Acts relating to income tax (in this Act referred to as the Special Commissioners).

(2) Every person upon whom notice is served in manner prescribed by regulations under this section by the Special Commissioners requiring him to make a return of his total income from all sources or, in the case of a notice served upon any person who is chargeable with or liable to be assessed to income tax under section forty-one of the Income Tax Act, 1842, or section twenty-four of the Customs and Inland Revenue Act, 1890, as representing an incapacitated, non-resident, or deceased person, of the total income from all sources of the incapacitated, non-resident, or deceased per-

son, shall, whether he is or is not chargeable with the super-tax, make such a return in the form and within the time required by the notice.

(3) It shall be the duty of every person chargeable with the super-tax to give notice that he is chargeable to the Special Commissioners before the thirtieth day of September in the year for which the super-tax is chargeable : Provided that for the purpose of this provision the thirty-first day of December shall, as respects the year beginning on the sixth day of April nineteen hundred and nine, be substituted for the thirtieth day of September.

(4) If any person without reasonable excuse fails to make any return or to give any notice required by this section, he shall be liable to a penalty not exceeding fifty pounds, and after judgment has been given for that penalty to a further penalty of the like amount for every day during which the failure continues.

Any penalty under this provision shall be recoverable in the High Court, or in Scotland in the Court of Session.

(5) If any person fails to make a return under this section, or if the Special Commissioners are not satisfied with any return made under this section, the Special Commissioners may make an assessment of the super-tax according to the best of their judgment.

(6) All provisions of the Income Tax Acts relating to persons who are to be chargeable with duty, assessments, and appeals against those assessments, and to the collection and recovery of duty, and to cases to be stated for the opinion of the High Court shall, so far as they are applicable, apply to the charge, assessment, collection, and recovery of duty under this section, and the Special Commissioners shall, for the purpose of assessment, have any powers of an inspector or surveyor of taxes, and for the purpose of the representation of the Crown on any appeal before the Special Commissioners, any person nominated in that behalf by the Commissioners of Inland Revenue shall have the same powers at and upon the determination of the appeal as a surveyor of taxes has at and upon the determination of any appeal under the Income Tax Acts.

(7) The Special Commissioners may amend any assessment made by them under this section, or make an assessment or an additional assessment, during any time within the year of assessment, or within three years after the expiration thereof.

(8) The Commissioners may make regulations for the purpose of carrying this section into effect.

PART V.

STAMPS.

STAMP DUTY ON CONVEYANCES OR TRANSFERS ON SALE.

73. The stamp duties chargeable under the heading "CONVEYANCE or TRANSFER on Sale of any Property" in the First Schedule to the Stamp Act, 1891 (in this Part of this Act referred to as the principal Act) shall be double those specified in that Schedule: Provided that this section shall not apply to the conveyance or transfer of any stock or marketable security as defined by section one hundred and twenty-two of that Act, or to a conveyance or transfer where the amount or value of the consideration for the sale does not exceed five hundred pounds and the instrument contains a statement certifying that the transaction thereby effected does not form part of a larger transaction or of a series of transactions in respect of which the amount or value, or the aggregate amount or value, of the consideration exceeds five hundred pounds.

STAMP DUTY ON GIFTS INTER VIVOS.

74.—(1) Any conveyance or transfer operating as a voluntary disposition inter vivos shall be chargeable with the like stamp duty as if it were a conveyance or transfer on sale, with the substitution in each case of the value of the property conveyed or transferred for the amount or value of the consideration for the sale:

Provided that this section shall not apply to a conveyance or transfer operating as a voluntary disposition of property to a body of persons incorporated by a special Act if that body is by its Act precluded from dividing any profit among its members and the property conveyed is to be held for the purposes of an open space or for the purposes of its preservation for the benefit of the nation.

(2) Notwithstanding anything in section twelve of the principal Act, the Commissioners may be required to express their opinion under that section on any conveyance or transfer operating as a voluntary disposition inter vivos, and no such conveyance or transfer shall be deemed to be duly stamped unless the Commissioners have expressed their opinion thereon in accordance with that section.

(3) Subsection (2) of section fifteen of the principal Act, which enables certain instruments to be stamped after execution, shall apply to conveyances or transfers operating as voluntary dispositions inter vivos as if those

conveyances or transfers were specified in the first column of the table in paragraph (d) of that subsection, and the grantor or transferor were specified in the second column of that table.

(4) Where any instrument is chargeable with duty both as a conveyance or transfer under this section and as a settlement under the heading "SETTLEMENT" in the First Schedule to the principal Act, the instrument shall be charged with duty as a conveyance or transfer under this section, but not as a settlement under the principal Act.

(5) Any conveyance or transfer (not being a disposition made in favour of a purchaser or incumbrancer or other person in good faith and for valuable consideration) shall, for the purposes of this section, be deemed to be a conveyance or transfer operating as a voluntary disposition inter vivos, and (except where marriage is the consideration) the consideration for any conveyance or transfer shall not for this purpose be deemed to be valuable consideration where the Commissioners are of opinion that by reason of the inadequacy of the sum paid as consideration or other circumstances the conveyance or transfer confers a substantial benefit on the person to whom the property is conveyed or transferred.

(6) A conveyance or transfer made for nominal consideration for the purpose of securing the repayment of an advance or loan or made for effectuating the appointment of a new trustee or the retirement of a trustee, whether the trust is expressed or implied, or under which no beneficial interest passes in the property conveyed or transferred, or made to a beneficiary by a trustee or other person in a fiduciary capacity under any trust, whether expressed or implied, or a disentailing assurance not limiting any new estate other than an estate in fee simple in the person disentailing the property, shall not be charged with duty under this section.

STAMP DUTY ON LEASES.

75. The stamp duties chargeable under the heading "LEASE or TACK" in the First Schedule to the principal Act shall be double the duties which would have been chargeable immediately before the passing of this Act under that heading, but this section shall not apply in the case of leases or tacks on which a fixed duty of a penny is chargeable under that heading.

STAMP DUTY ON MARKETABLE SECURITIES.

76. The stamp duties chargeable on marketable securities (other than colonial government or colonial municipal securities) under paragraphs (1) (c), (3), and (4) of the heading "MARKETABLE SECURITY" in the First Schedule to the principal Act, and the stamp duty chargeable on marketable securities, share warrants, or stock certificates to bearer under subsection (1) of section four of the Finance Act, 1899, shall be double those specified in the said Schedule or charged by the said section, as the case may be.

ALTERATION AND EXTENSION OF DUTY ON CONTRACT NOTES.

77.—(1) There shall be charged on every contract note as defined by this section for or relating to the sale or purchase of any stock or marketable security the following stamp duties:—

Where the value of the stock or marketable security—

is 5 <i>l.</i> and does not exceed 100 <i>l.</i> ...	Sixpence,
exceeds 100 <i>l.</i> and does not exceed 500 <i>l.</i> ...	One Shilling,
exceeds 500 <i>l.</i> and does not exceed 1,000 <i>l.</i> ...	Two Shillings,
exceeds 1,000 <i>l.</i> and does not exceed 1,500 <i>l.</i> ...	Three Shillings,
exceeds 1,500 <i>l.</i> and does not exceed 2,500 <i>l.</i> ...	Four Shillings,
exceeds 2,500 <i>l.</i> and does not exceed 5,000 <i>l.</i> ...	Six Shillings,
exceeds 5,000 <i>l.</i> and does not exceed 7,500 <i>l.</i> ...	Eight Shillings,
exceeds 7,500 <i>l.</i> and does not exceed 10,000 <i>l.</i> ...	Ten Shillings,
exceeds 10,000 <i>l.</i> and does not exceed 12,500 <i>l.</i> ...	Twelve Shillings,
exceeds 12,500 <i>l.</i> and does not exceed 15,000 <i>l.</i> ...	Fourteen Shillings,
exceeds 15,000 <i>l.</i> and does not exceed 17,500 <i>l.</i> ...	Sixteen Shillings,
exceeds 17,500 <i>l.</i> and does not exceed 20,000 <i>l.</i> ...	Eighteen Shillings,
exceeds 20,000 <i>l.</i> ...	One Pound.

(2) Where a contract note is a continuation or carrying over note made for the purpose of continuing or carrying over any transaction for the sale or purchase of stock or

marketable securities, the contract note, although it is made in respect of both a sale and purchase, shall be charged with duty under this section as if it related to one of those transactions only, and, if different rates of duty are chargeable in respect of those transactions, to that one of those transactions which would render the contract note chargeable at the highest rate.

(3) For the purposes of this Part of this Act, the expression "contract note" means the note sent by a broker or agent to his principal, or by any person who by way of business deals, or holds himself out as dealing, as a principal in any stock or marketable securities, advising the principal, or the vendor or purchaser, as the case may be, of the sale or purchase of any stock or marketable security, but does not include a note sent by a broker or agent to his principal where the principal is himself acting as broker or agent for a principal, and is himself either a member of a stock exchange in the United Kingdom, or a person who, *bonâ fide* carries on the business of a stockbroker in the United Kingdom, and is registered as such in the list of stockbrokers kept by the Commissioners.

(4) Where a contract note advises the sale or purchase of more than one description of stock or marketable security, the note shall be deemed to be as many contract notes as there are descriptions of stocks or securities sold or purchased.

OBLIGATION TO EXECUTE CONTRACT NOTE.

78.—(1) Any person who effects any sale or purchase of any stock or marketable security of the value of five pounds or upwards as a broker or agent, and any person who by way of business deals, or holds himself out as dealing, as a principal in any stock or marketable security, and buys or sells any such stock or marketable security of a value of five pounds or upwards, shall forthwith make and execute a contract note, and transmit the note to his principal, or to the vendor or purchaser of the stock or marketable security, as the case may be, and in default of so doing shall incur a fine of twenty pounds: Provided that this section shall not apply in the case of transactions carried out in the course of their ordinary business relations between members of stock exchanges in the United Kingdom.

(2) If any person makes or executes any contract note chargeable with duty and not being duly stamped, he shall incur a fine of twenty pounds.

(3) No broker, agent, or other person shall have any legal claim to any charge for brokerage, commission, or agency, with reference to the sale or purchase of any stock or market-

able security of the value of five pounds or upwards, if he fails to comply with the provisions of this section.

(4) All stamp duties on a contract note are to be denoted by an adhesive stamp appropriated to a contract note, and the stamp is to be effectively cancelled by the person by whom the note is executed by writing on or across the stamp his name or initials, or the name or initials of his firm, together with the true date of his so writing.

(5) Any stamp duty on a contract note may be added to the charge for brokerage or agency, and shall be recoverable as part of such charge.

EXTENSION OF PROVISIONS AS TO CONTRACT NOTES TO SALE OR PURCHASE OF OPTIONS.

79.—(1) The provisions of this Part of this Act as to contract notes shall apply to any contract under which an option is given or

taken to purchase or sell any stock or marketable security at a future time at a certain price, as it applies to the sale or purchase of any stock or marketable security, but the stamp duty on such a contract shall be one-half only of that chargeable on a contract note: Provided that if under the contract a double option is given or taken the contract shall be deemed to be a separate contract in respect of each option.

(2) Any contract note made or executed in pursuance and in consequence of the exercise of an option given or taken under a contract duly stamped in accordance with the provisions of this section shall be charged with one-half only of the duty which would otherwise have been chargeable thereon under this Part of this Act, provided that it bears on its face a certificate by the broker, agent, or other person mentioned in the last preceding section to the effect that it is made or executed in the exercise of an option for which a duly stamped contract has been rendered on the date mentioned in the certificate.

PART VI.

CUSTOMS AND EXCISE OTHER THAN LIQUOR LICENCE DUTIES.

DUTY ON TEA.

80. The duty of Customs payable on tea until the first day of July nineteen hundred and nine, under the Finance Act, 1908, shall be deemed to have been continued as from that date, and shall continue to be charged, levied, and paid until the first day of July nineteen hundred and ten, on the importation thereof into Great Britain or Ireland, (that is to say)—

Tea, the pound Fivepence.

ADDITIONAL CUSTOMS AND EXCISE DUTIES ON SPIRITS.

81.—(1) In addition to the duties of Customs payable on spirits imported into Great Britain or Ireland there shall as from the thirtieth day of April nineteen hundred and nine be charged, levied, and paid, the duties specified in Part I. of the Third Schedule to this Act.

(2) The duties of Customs on the articles mentioned in Part II. of the Third Schedule to this Act, being articles in which spirit is contained, or in the manufacture of which spirit is used, shall be proportionately increased, and there shall accordingly be charged, levied, and paid the duties specified in that Part of the schedule.

(3) In addition to the Excise duty payable for every gallon computed at proof of spirits distilled in the United Kingdom there shall, as from the thirtieth day of April nineteen hundred and nine, be charged, levied, and paid an Excise duty of three shillings and ninepence, and so on in proportion for any less quantity.

ADDITIONAL CUSTOMS DUTY ON BEER.

82.—(1) In addition to the duties of Customs payable on beer of the descriptions called or similar to mum, spruce, or black beer, or Berlin white beer, or other preparations, whether fermented or not fermented, of a similar character imported into Great Britain or Ireland, there shall, as from the twelfth day of May nineteen hundred and nine, be charged, levied, and paid the following duties (that is to say):—

For every thirty-six gallons thereof, where the worts thereof are or were before fermentation of a specific gravity—

	£	s.	d.
Not exceeding one thousand two hundred and fifteen degrees	0	1	0
Exceeding one thousand two hundred and fifteen degrees	0	1	2

(a) In addition to the duties of Customs payable on any description of beer other than that specified in the preceding subsection imported into Great Britain or Ireland, there shall, as from the twelfth day of May nineteen hundred and nine, be charged, levied, and paid the following duty (that is to say) :—

£ s. d.

For every thirty-six gallons where the worts thereof were before fermentation of a specific gravity of one thousand and fifty-five degrees 0 0 3

and there shall be allowed and paid in respect of all such beer a similar addition to the drawback granted on exportation, shipment for use as stores, or removal to the Isle of Man, by section four of the Customs and Inland Revenue Act, 1881;

And so, as to both duty and drawback, in proportion for any difference in gravity.

(3) In addition to the drawback of Excise payable in respect of beer exported from the United Kingdom as merchandise or shipped for use as ship's stores, there shall be allowed and paid in respect of beer brewed in the United Kingdom, as from the first day of November nineteen hundred and nine—

£ s. d.

For every thirty-six gallons of beer of an original gravity of one thousand and fifty-five degrees, an allowance of 0 0 3

and so in proportion for any difference in quantity or gravity.

DUTIES AND DRAWBACK ON TOBACCO.

83.—(1) In lieu of the duties of Customs payable on tobacco there shall as from the thirtieth day of April nineteen hundred and nine, be charged, levied, and paid upon tobacco imported into Great Britain or Ireland the duties specified in Part I. of the Fourth Schedule to this Act.

(2) In lieu of the Excise duties payable on tobacco grown in Ireland there shall, as from the thirtieth day of April nineteen hundred and nine, be charged, levied, and paid on tobacco grown in Ireland the duties specified in Part II. of the Fourth Schedule to this Act, and on and after the first day of January nineteen hundred and ten Excise duties at the same rates shall be charged, levied, and paid on tobacco grown in England or Scotland, and there shall be charged on a licence to be taken out annually by every person growing, cultivating, or curing tobacco in England or Scotland an Excise duty of five shillings.

(3) Drawback allowed under section one of the Manufactured Tobacco Act, 1863, as extended or amended by any subsequent Act, on tobacco exported from Great Britain or Ireland or deposited in a bonded or King's warehouse shall, as from the first day of June nineteen hundred and nine, be allowed at the rates set out in Part III. of the Fourth Schedule to this Act, instead of at the rates set out in the first Schedule to the Finance Act, 1906, but subject to the provisions affecting allowance of drawback contained in the Schedule to the Finance Act, 1904.

(4) Subsections (2) and (3) of section three of the Finance Act, 1908, shall apply with reference to the Excise duties imposed by this section as they apply with reference to the duties imposed by that section, and shall apply to tobacco grown in England and Scotland in the same manner as they apply to tobacco grown in Ireland.

(5) So much of any Act as prohibits or restrains the growth, making, or curing of tobacco in England or Scotland shall, as from the first day of January nineteen hundred and ten, cease to have effect.

DUTY ON MOTOR SPIRIT.

84.—(1) As from the thirtieth day of April nineteen hundred and nine there shall be charged, levied, and paid on motor spirit imported into Great Britain or Ireland a duty of Customs at the rate of threepence per gallon.

(2) As from the first day of June nineteen hundred and nine there shall be charged, levied, and paid on motor spirit made in Great Britain or Ireland, an Excise duty at the rate of threepence per gallon, and there shall be charged on a licence to be taken out annually by a manufacturer of motor spirit and by a dealer in motor spirit an Excise duty of one pound and an Excise duty of five shillings respectively. But a person may sell motor spirit in a quantity not exceeding one pint at one time to one person without taking out a licence as a dealer in motor spirit.

(3) Where a licence is taken out under this provision by a manufacturer of motor spirit, it shall not be necessary for him to obtain any further licence in respect of any still kept or used by him solely for the purpose of the manufacture or refinement of motor spirit.

(4) The provisions of section ninety-eight of the Customs Consolidation Act, 1876, which relate to the charging of duty at the time of the actual delivery of goods, shall apply to motor spirit as they apply to the specially excepted goods mentioned in that section.

(5) The Excise duty on motor spirit may be charged in such manner and at such time

during the process of the manufacture of motor spirit as the Commissioners may determine.

(6) Sections eight and nine of the Finance Act, 1901, as amended by section two of the Revenue Act, 1903, shall apply with respect to the manufacture of and dealing in motor spirit as they apply with respect to the manufacture of saccharin, and any provisions of the Spirit Act, 1880, or any Acts amending that Act, may be applied by regulations made in pursuance of this subsection to motor spirit, and the regulations may provide for the sale and delivery by duly licensed persons of motor spirit from vans at the premises of persons who are dealers therein, and buy it to sell again.

(7) In this Part of this Act, the expression "motor spirit" means any inflammable hydrocarbon (including any mixture of hydrocarbons and any liquid containing hydrocarbon) which is capable of being used for providing reasonably efficient motive power for a motor car, and the expression "manufacturer of motor spirit" includes a refiner of motor spirit and a person otherwise preparing motor spirit.

(8) The Commissioners may by regulations prescribe tests for the purpose of determining whether any inflammable hydrocarbon or mixture of hydrocarbons, or liquid containing hydrocarbon, is motor spirit within the meaning of this provision.

EXEMPTIONS AND ALLOWANCES IN RESPECT OF THE DUTY ON MOTOR SPIRIT.

85.—(1) Any person using motor spirit for purposes other than supplying motive power for motor cars shall be entitled, in accordance with the provisions of this section, to an allowance or repayment of the duty paid in respect of the motor spirit under this Act, and any person using motor spirit for any of the purposes mentioned in Part I. of the Fifth Schedule to this Act shall be entitled, in accordance with the provisions of this section, to an allowance or repayment of half the amount of the duty paid under this Act in respect of the spirit:

Provided that a person using motor spirit before the first day of January nineteen hundred and ten for any of the purposes mentioned in Part I. of the Fifth Schedule to this Act, shall be entitled, in accordance with the provisions of this section, to an allowance or repayment of the whole amount of any duty paid under this Act in respect of the spirit so used.

(2) Motor spirit may be delivered without payment of duty or on the payment of half the amount of the full duty payable, in such cases as the Commissioners may approve, and

subject to such conditions as to proof, security, and otherwise, as the Commissioners may impose for the purpose of protecting the revenue.

(3) If any person proves to the satisfaction of the Commissioners that he has within the previous six months used any quantity exceeding five gallons of spirit which is motor spirit within the meaning of this Act for purposes other than supplying motive power for motor cars, or in other circumstances entitling him to the repayment of the full amount of duty in respect of the spirit, he shall be entitled to obtain from the Commissioners a repayment of any duty which has been paid in respect of the spirit, and if any person proves to the satisfaction of the Commissioners that he has within the previous six months used any quantity exceeding five gallons of motor spirit for the purposes mentioned in Part I. of the Fifth Schedule to this Act, and that the full duty has been paid upon the spirit so used, he shall be entitled to obtain from the Commissioners a repayment of half the amount of duty so paid.

DUTY ON LICENCES FOR MOTOR CARS.

86.—(1) The Excise duty for carriages payable in respect of any motor car which is a carriage within the meaning of section four of the Customs and Inland Revenue Act, 1888, shall on and after the first day of January nineteen hundred and ten be at the rates specified in Part II. of the Fifth Schedule to this Act, and the duty so payable shall be charged throughout the United Kingdom, and the Acts relating to the payment of the duty shall extend accordingly.

(2) The unit of horse power for the purpose of any rate of duty in the said Schedule shall be calculated in accordance with regulations made by the Treasury for the purpose, and section twenty-seven of the Revenue Act, 1869 (which relates to the prosecution of offences), shall, so far as relates to motor cars charged with duty under this section, be construed as if the horse power of the car were substituted for the weight of the carriage.

(3) Nothing in this section shall be construed so as to increase or affect the duty now payable in respect of any motor cab, motor omnibus or other vehicle being a hackney carriage within the meaning of section four of the Customs and Inland Revenue Act, 1888, or to require a licence to be taken out for any motor car which is not a carriage within the meaning of that section.

(4) If a duly qualified medical practitioner proves to the satisfaction of the Commissioners or council by whom the licence is granted that any motor car kept by him is kept for the purpose of his profession, he shall be entitled

to an allowance in respect of the duty payable under this section on the licence for the car equal to half the amount of duty so payable.

(5) If an officer of the Army Motor Reserve produces to the Commissioners or council by whom the licence is granted a certificate, granted in such manner and by such persons as the Army Council direct, that any motor car kept by him has been used for the purposes of the Army Motor Reserve under regulations made by the Army Council for at least six days in any year, he shall be entitled to an allowance in respect of the duty payable under this section on the car bearing the same proportion to the whole amount of duty as the number of days for which the car has been so used bears to a full year.

(6) No duty shall be payable under this section in respect of any motor fire-engine or ambulance.

(7) The Treasury may make regulations providing for the total or partial exemption, for a limited period, from the duty payable under this section of any motor cars brought into the United Kingdom by persons making only a temporary stay in the United Kingdom.

(8) The expression "motor car" in this Part of this Act means any vehicle which is for the time being a light locomotive within the meaning of the Locomotives on Highways Act, 1896, as amended by any other Act, and includes a motor bicycle and a motor tricycle, but does not include a vehicle drawn by a motor car.

PART VII.

PROVISIONS AS TO PAYMENTS TO LOCAL AUTHORITIES AND TO ROAD IMPROVEMENT ACCOUNT.

PAYMENTS IN RESPECT OF MONOPOLY VALUE TO GO TO EXCHEQUER.

87.—(1) All payments made in pursuance of conditions attached by licensing justices to the grant of new on-licences under section four of the Licensing Act, 1904, shall, notwithstanding anything in that or any other Act, be paid into the Exchequer.

(2) On any proceedings relating to the grant or confirmation of a new on-licence, to which section four of the Licensing Act, 1904, applies, any person authorised by the Commissioners shall be entitled to be heard by the justices or confirming authority on the question of the payments to be imposed for the purpose of securing monopoly value to the public.

PAYMENTS INTO LOCAL TAXATION ACCOUNT IN RESPECT OF LIQUOR LICENCES AND PROVISIONS AS TO DUTIES ON MOTOR CAR LICENCES.

88.—(1) For the purpose of subsection (3) of section seventeen of the Finance Act, 1907 (which makes provision with respect to the method of calculating proceeds of duties in the event of any alteration of the rate of duties), the proceeds of the duties on the licences for the sale of intoxicating liquor and on licences for motor cars imposed by this Act shall, so far as respects the sums to be paid into any local taxation account out of the Consolidated Fund in respect thereof, be deemed notwithstanding anything in that subsection to be the amount of the proceeds of the duties on those

licences during the year ending the thirty-first day of March nineteen hundred and nine.

(2) Notwithstanding the proviso to subsection (4) of section six of the Finance Act, 1908, the duties on licences for motor cars in England and Wales shall continue to be duties to which that section applies, but any sum by which the proceeds of those duties levied in any financial year by the council of any county or county borough exceed the amount of the proceeds of those duties certified by the Local Government Board to have been collected in that county or county borough during the year ending the thirty-first day of March nineteen hundred and nine shall be paid into the Exchequer, and a council shall be entitled to be paid any sum by which the proceeds of those duties levied by them in any year are less than that amount, and the sums so to be paid shall be charged on and paid out of the Consolidated Fund or the growing produce thereof.

(3) Any reference in this section to duties on licences for motor cars or to the proceeds of those duties shall be construed to be a reference only to the duties on the licences which are affected by this Act.

COLLECTION OF MOTOR CAR LICENCE DUTIES IN IRELAND.

89.—(1) The duties on licences for motor cars imposed by this Act shall be levied in Ireland by county councils in accordance with provisions for the purpose to be made by His Majesty by Order in Council as from the date mentioned in the Order, and subsections

(3) (4) and (5) of section twenty of the Local Government Act, 1888, shall apply to those duties and the Order under this section as they apply to duties transferred and an order of transfer made under that section, with the exception of the provision in paragraph (1) of subsection (4) as to the account to which penalties and forfeitures are to be carried in the county fund, and with the substitution of "Commissioners of Customs and Excise" for "Commissioners of Inland Revenue."

(2) The duties to be levied by a county council under this section shall be paid into the Exchequer in such manner and in accordance with such directions as may be contained in the Order, and there shall be paid to every county council in every year a sum equal to five per cent. of the duties levied by the council during the preceding year, and the sums so to be paid shall be charged on and paid out of the Consolidated Fund or the growing produce thereof.

(3) In this section "county council" includes the council of a county borough.

PAYMENT OF DUTIES ON MOTOR SPIRIT AND MOTOR CAR LICENCES TO ROAD IMPROVEMENT ACCOUNT.

90.—(1) There shall be charged on and paid out of the Consolidated Fund or the growing produce thereof a sum (in this Act referred to as the road improvement grant) equal to the net proceeds of the duties on motor spirit and the net proceeds of the duties on licences for motor cars which are affected by this Act.

(2) The road improvement grant shall be carried to a separate account to be established under regulations made by the Treasury

for the purpose, and, subject to such regulations as may be made by the Treasury with respect to accounts and accumulation of moneys standing to the account, be appropriated in such manner as Parliament may determine towards the development of roads in the United Kingdom.

(3) The expression "the net proceeds of the duties" means the amount of those duties paid into the Exchequer, after deducting such sums as are certified by the Commissioners to be the cost of collecting the duties, and after deducting in the case of duties payable on licences for motor cars any sum which is payable to any local taxation account in respect of the proceeds of those duties, or to any council in respect of any deficiency in the proceeds of those duties.

PAYMENT OF HALF THE PROCEEDS OF THE DUTIES ON LAND VALUES FOR BENEFIT OF LOCAL AUTHORITIES.

91.—(1) There shall be charged on and paid out of the Consolidated Fund or the growing produce thereof a sum equal to one-half of the net proceeds of the duties on land values under Part. I. of this Act (including mineral rights duties).

(2) The sums so charged shall be carried to a separate account, to be established under regulations made by the Treasury for the purpose, and, subject to such regulations as may be made by the Treasury in respect of accounts, audit, and accumulation of moneys standing to the account, be appropriated for the benefit of local authorities in the United Kingdom in such manner as Parliament may hereafter determine.

PART VIII.

NATIONAL DEBT.

REDUCTION OF THE PERMANENT ANNUAL CHARGE.

92. The amount of the permanent annual charge for the National Debt under section one of the Sinking Fund Act, 1875, shall,

during the current and every subsequent financial year, be the sum of twenty-four and a half million instead of twenty-eight million pounds.

PART IX.

GENERAL.

APPLICATION OF EXISTING ENACTMENTS TO LICENCES GRANTED UNDER THIS ACT.

93. All the powers, provisions, regulations, and directions contained in any Act relating to excise duties or licences, or to penalties or

forfeitures under Excise Acts, and now or hereafter in force, shall respectively be of full force and effect with respect to the excise duties charged by and the excise licences mentioned in this Act, so far as the same are applicable and are consistent with the pro-

visions of this Act, as fully and effectually as if the same had been herein specially enacted with reference to the said duties and licences.

LAYING OF RULES AND REGULATIONS BEFORE PARLIAMENT.

94.—(1) All rules and regulations made by the Treasury or by the Commissioners of Inland Revenue or by the Commissioners of Customs and Excise under this Act shall be laid before each House of Parliament as soon as may be after they are made, and, if an address is presented to His Majesty by either House of Parliament within the next subsequent forty days on which that House has sat next after any such rule or regulation is laid before it, praying that the rule or regulation may be annulled, His Majesty in Council may, if it seems fit, annul the rule or regulation and it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder.

(2) If any rule or regulation is so annulled any duty previously paid which, but for the rule or regulation, would not have been payable, shall be repaid by the Commissioners, without prejudice, however, to the right of the Commissioners to reassess the duty in accordance with any rule or regulation which may be substituted for the annulled rule or regulation.

PENALTY FOR MAKING FALSE STATEMENT OR REPRESENTATION.

95. If any person for the purpose of obtaining any allowance, reduction, rebate, or repayment in respect of any duty under this Act, either for himself or for any other person, or in any return made with reference to any duty under this Act, knowingly makes any false

statement or false representation, he shall be liable on summary conviction to imprisonment for a term not exceeding six months with hard labour.

REPEAL, CONSTRUCTION, AND SHORT TITLE.

96.—(1) The Acts specified in the Sixth Schedule to this Act are hereby repealed to the extent mentioned in the Third column of that Schedule.

(2) Any reference to "the Commissioners" in Part II., Part VI., or Part VII. of this Act shall be construed as a reference to the Commissioners of Customs and Excise, and any reference to "the Commissioners" in any other Part of this Act shall be construed as a reference to the Commissioners of Inland Revenue.

(3) Part III. of this Act shall be construed together with the Finance Act, 1894.

(4) Part IV. of this Act shall be construed together with the Income Tax Acts, 1842 and 1853, and any other enactments relating to Income Tax, and those enactments and Part IV. of this Act are in this Act referred to as the Income Tax Acts.

(5) Part V. of this Act shall be construed together with the Stamp Act, 1891.

(6) Part VI. of this Act, so far as it relates to duties of Customs shall be construed together with the Customs Consolidation Act, 1876, and the Acts amending that Act, and Parts II. and VI. of this Act, so far as they relate to duties of Excise, shall be construed together with the Acts which relate to the duties of Excise and the management of those duties.

(7) This Act may be cited as the Finance Act, 1909.

SCHEDULES.

FIRST SCHEDULE.

EXCISE LIQUOR LICENCES.

A.—MANUFACTURERS' LICENCES.

Licence to be taken out annually.	Duty.	Corresponding existing Licence.
1. Spirits :— (a) By a distiller of spirits. (b) By a rectifier or compounder of spirits.	Duty specified in Scale 1 15 <i>l.</i> 15 <i>s.</i>	Licence for manufacture of spirits under 6 Geo. 4, c. 81, s. 2.
2. Beer :— By a brewer of beer for sale. By a brewer of beer other than a brewer for sale.	Duty specified in Scale 2 If he is the occupier of a house of an annual value exceeding ten pounds and not exceeding fifteen pounds, and brews solely for his own domestic use, 9 <i>s.</i> In any other case, 4 <i>s.</i>	Licence on which duty is payable under 43 & 44 Vict. c. 20, s. 10. Licence on which duty is payable under 43 & 44 Vict. c. 20, s. 10; 44 & 45 Vict. c. 12, s. 14; or 48 & 49 Vict. c. 51, s. 5.
3. Sweets :— By a maker for sale of sweets.	5 <i>l.</i> 5 <i>s.</i>	Licence on which duty is payable under 6 Edw. 7. c. 20, s. 7.

SCALE 1.

SPIRIT DISTILLER'S LICENCE.

Number of gallons computed at proof of spirits distilled during the preceding year—	Duty. £ s. d.
Not exceeding 50,000 gallons...	10 0 0
Exceeding 50,000 gallons, for the first 50,000 gallons ...	10 0 0
For every further 25,000 gallons or fraction of 25,000 gallons ...	10 0 0

SCALE 2.

LICENCE TO BREWER FOR SALE.

Number of barrels brewed during the preceding year—	Duty. £ s. d.
Not exceeding 100 barrels ...	1 0 0
Exceeding 100 barrels— For the first 100 barrels ...	1 0 0
For every further 50 barrels or fraction of 50 barrels ...	0 12 0

For the purposes of this scale, barrels may be taken at the option of the brewer either to be bulk barrels or standard barrels, and a standard barrel shall be taken to be 36 gallons of beer of an original gravity of 1,955 degrees.

Provisions applicable to Manufacturers' Licences.

WHOLESALE DEALING AUTHORISED.

1. A manufacturer's licence, except in the case of a licence to a brewer not for sale, authorises not only the manufacture of the liquor to which it applies in accordance with the licence, but also wholesale dealing (subject in the case of a spirit manufacturer's licence to the provisions of the Spirits Act, 1880) in any such liquor which is the produce of the manufacture of the holder of the licence at the premises where the liquor is manufactured, and elsewhere by the manufacturer or a servant or agent of the manufacturer if the liquor is supplied to the purchaser direct from the premises where it is manufactured.

LICENCE NOT REQUIRED IN CERTAIN CASES.

2. The occupier of a house of an annual value not exceeding eight pounds may brew beer solely for his own domestic use without taking out a manufacturer's licence.

PROVISION AS TO DUTY IN CASE OF NEW DISTILLERIES OR BREWERIES WHICH HAVE NOT BEEN IN WORKING FOR A FULL YEAR.

3. The duty on a manufacturer's licence granted in respect of a distillery or brewery in respect of which such a licence has not been in force at any time during the preceding year or in respect of which a licence has been in force but no spirits have been distilled or beer brewed under the licence during the preceding year, as the case may be, shall be the minimum duty payable under Scales 1 or 2, as the case may be, and where a manufacturer's licence has not been in force for a full year, the number of proof gallons distilled or the number of barrels brewed during the preceding year shall, for the purpose of payment of duty in the following year, be deemed to be a number bearing the same proportion to the number actually distilled or brewed as the whole year bears to the time for which the licence has been in force.

4. For the purpose of the duties under Scales 1 and 2 the preceding year shall be taken to be the year ending the thirtieth day of June or such other day as the Commissioners may fix either generally or as respects any particular manufacturer.

B.—WHOLESALE DEALERS' LICENCES.

Licence to be taken out annually by a Wholesale dealer in	Duty.	Corresponding existing Licence.
1. Spirits	£ s. d. 15 15 0	} Licence on which duty is payable under 6 Geo. 4, c. 81, s. 2.
2. Beer	10 10 0	
3. Wine	10 10 0	Licence on which duty is payable under 6 Geo. 4, c. 81, s. 2.
4. Sweets	5 5 0	Licence on which duty is payable under 23 & 24 Vict. c. 113, s. 1.

Provisions applicable to Wholesale Dealers' Licences.

RETAIL SALE NOT AUTHORISED.

1. A wholesale dealer's licence authorises sale at any one time to one person of liquor in the following quantities, namely:

- (a) In the case of spirits, wine, or sweets in any quantity not less than two gallons, or not less than one dozen reputed quart bottles; and
- (b) In the case of beer or cider in any quantity not less than four-and-a-half gallons, or not less than two dozen reputed quart bottles;

but not in any less quantities.

AUTHORITY TO MANUFACTURERS TO SELL WHOLESALE.

2. A wholesale dealer's licence need not be taken out by the holder of a manufacturer's licence so far as respects the sale of liquor being the produce of the manufacture of the holder of the manufacturer's licence at the premises where the liquor is manufactured, and elsewhere by the manufacturer or a servant or agent of the manufacturer, if the liquor is supplied to the purchaser direct from the premises where it is manufactured.

SALE OF SWEETS AUTHORISED BY WINE DEALER'S LICENCE.

3. A person holding the licence to be taken out by a wholesale dealer in wine may deal

wholesale in sweets as well as wine without taking out any further wholesale dealer's licence.

REDUCED DUTY WHERE RETAILER'S LICENCE IS TAKEN OUT AS WELL.

4. Where a wholesale dealer's licence for the sale of any liquor is taken out by a

person who is the holder of a licence authorising him to sell the same liquor by retail, the duty payable on the wholesale dealer's licence shall be reduced by fifty per cent. Provided that this provision shall not operate so as to reduce the total amount payable for the wholesale dealer's licence and the retailer's licence for any liquor below that payable for the wholesale dealer's licence alone

C.—RETAILERS' LICENCES.

I.—On-Licences.

Licence to be taken out annually by a retailer of	Duty.	Corresponding existing Licence.
1. Spirits (Publican's licence).	A duty equal to half the annual value of the licensed premises, subject to the minimum duty payable under Scale 3.	Licence on which duty is payable under 42 & 44 Vict. c. 20, s. 43(1).
2. Beer (Beerhouse licence).	A duty equal to a third of the annual value of the licensed premises, subject to the minimum duty payable under Scale 3.	Licence on which duty is payable under 43 & 44 Vict. c. 20, s. 41.
3. Cider	Half the duty specified in Scale 4. ...	
4. Wine	Duty specified in Scale 4. ...	
5. Sweets	Half the duty specified in Scale 4. ...	

SCALE 3.

MINIMUM DUTY PAYABLE FOR PUBLICAN'S AND BEERHOUSE LICENCES.

There shall be a minimum duty payable on the publican's licence and the beerhouse licence respectively, as shown in the following scale

and where the annual value of any licensed premises is less than the annual value to which the minimum duty corresponds, duty shall be charged as if the premises were of that annual value.

Population.	Minimum Duty.	
	Publican's Licence.	Beerhouse Licence.
In Great Britain—	£ s.	£ s.
In areas which are not urban areas, and in urban areas with a population of less than 2,000	5 0	3 10
In urban areas with a population of—		
2,000 and less than 5,000	10 0	6 10
5,000 " " 10,000	15 0	10 0
10,000 " " 50,000	20 0	13 0
50,000 " " 100,000	30 0	20 0
100,000 or above	35 0	23 10
In Ireland—		
In areas which are not urban areas, and in urban areas with a population of less than 10,000	5 0	3 10
In urban areas with a population of 10,000 or above	7 10	4 0

For the purposes of this scale an urban area means any county borough, borough, or other urban district; and the administrative county of London shall be deemed to be a single urban area; and population shall be calculated according to the last published census for the time being. The boroughs of Burslem, Hanley, Longton, and Stoke-upon-Trent, and the urban districts of Fenton and Tunstall, which, in pursuance of the Borough of Stoke-on-Trent Order, 1908, as confirmed by the Local Government Board's Provisional

Order Confirmation (No. 3) Act, 1908, are, as from the thirty-first day of March, nineteen hundred and ten, to form (subject to certain provisions as to differential rating and other matters to have effect for a period of twenty years) one borough to be called the borough of Stoke-upon-Trent, shall, notwithstanding anything contained in that Order, continue for the period of twenty years from the said date to be separate urban areas for the purposes of this scale.

SCALE 4.

WINE RETAILER'S ON-LICENCE.

Annual value of licensed premises—		Duty.	
		£	s. d.
Under 30% .....	...	4	10 0
30% and under 50% .....	...	6	0 0
50 „ 100% .....	...	9	0 0
100% and over .....	...	12	0 0

II.—Off-Licences.

Licence to be taken out annually by retailer of	Duty.	Corresponding existing Licence.
1. Spirits	Duty specified in Scale 5.	As respects England, the additional retail licence on which duty is payable under 24 and 25 Vict. c. 21. s. 1. As respects Scotland, licence on which duty is payable under 16 & 17 Vict. c. 67. s. 8. As respects Ireland, licence on which duty is payable under 6 Geo. 4. c. 81. s. 2, and 8 & 9 Vict. c. 64. s. 1. Additional liqueur licence on which duty is payable under 11 & 12 Vict. c. 121. s. 10.
2. Beer	Duty specified in Scale 6.	As respects England, the beer retailer's licence and the additional beer dealer's retail licence on which duty is payable under 43 & 44 Vict. c. 20. s. 41. As respects Scotland, licence on which duty is payable under 16 & 17 Vict. c. 67. s. 8. As respects Ireland, dealer's additional retail licence on which duty is payable under 43 & 44 Vict. c. 20. s. 41.
3. Cider	2l.	Licence on which duty is payable under 43 & 44 Vict. c. 20. s. 41.
4. Wine	Duty specified in Scale 7.	As respects England and Ireland, licence on which duty is payable under 43 & 44 Vict. c. 20. s. 41. As respects Scotland, licence on which duty is payable under 39 & 40 Vict. c. 16. s. 4. Licence as a dealer in wine, on which duty is payable under 6 Geo. 4. c. 81. s. 2, so far as such a licence authorises sale by retail.
5. Sweets	2l.	Licence on which duty is payable under 43 & 44 Vict. c. 20. s. 41.

SCALE 5.

SPIRIT RETAILER'S OFF-LICENCE.

Annual value of licensed premises—							Duty.		
							£	s.	d.
Not exceeding 10%							10	0	0
Exceeding 10% and not exceeding 20%							11	10	0
" 20% " " 30%							14	0	0
" 30% " " 50%							15	0	0
" 50% " " 75%							16	0	0
" 75% " " 100%							17	10	0
" 100% " " 250%							19	0	0
" 250% " " 500%							30	0	0
" 500%							50	0	0

SCALE 6.

BEER RETAILER'S OFF-LICENCE.

Annual value of licensed premises—							Duty.		
							£	s.	d.
Not exceeding 10%							1	10	0
Exceeding 10% and not exceeding 20%							2	0	0
" 20% " " 30%							2	10	0
" 30% " " 50%							3	0	0
" 50% " " 75%							3	10	0
" 75% " " 100%							4	0	0
" 100% " " 250%							4	10	0
" 250% " " 500%							7	0	0
" 500%							10	0	0

SCALE 7.

WINE RETAILER'S OFF-LICENCES.

Annual value of licensed premises—							Duty.		
							£	s.	d.
Not exceeding 20%							2	10	0
Exceeding 20% but not exceeding 30%							3	0	0
" 30% " " 50%							3	10	0
" 50% " " 75%							4	0	0
" 75% " " 100%							4	10	0
" 100% " " 250%							5	0	0
" 250% " " 500%							7	0	0
" 500%							10	0	0

PROVISIONS APPLICABLE TO RETAILERS' LICENCES.

General.

MEANING OF SALE BY RETAIL.

1. A retailer's licence authorises sale at any one time to one person of liquor in the following quantities, namely:—

- (a) In the case of spirits, wine, or sweets, in any quantity not exceeding two gallons or not exceeding one dozen reputed quart bottles; and
- (b) in the case of beer or cider, in any quantity not exceeding four and a half gallons or not exceeding two dozen reputed quart bottles;

but not in any larger quantities.

RESTRICTION ON HOLDING OF RETAILER'S OFF AND ON-LICENCES.

2. A retailer's off-licence shall not be granted to the holder of a retailer's on-licence if the off-licence authorises the sale of any liquor which the holder of the on-licence is not authorised to sell by retail under his on-licence, and any retailer's off-licence granted in contravention of this provision shall be void.

SALE OF CIDER UNDER BEER LICENCE.

3. A person holding the licence to be taken out by a retailer of beer may sell by retail cider as well as beer without taking out any further retailer's licence.

SALE OF SWEETS UNDER WINE LICENCE.

4. A person holding the licence to be taken out by a retailer of wine may sell by retail sweets as well as wine without taking out any further retailer's licence.

*Provisions applicable to Retailers'
On-Licences.*

SALE OFF AUTHORISED AS WELL AS SALE ON.

1. A retailer's on-licence authorises sale by retail of the liquor to which the licence extends for consumption either on or off the premises.

SALE OF ANY LIQUOR UNDER PUBLICAN'S LICENCE.

2. A person holding the on-licence to be taken out by a retailer of spirits may sell by retail beer, cider, wine, and sweets, as well as spirits, without taking out any further retailer's licence.

OPTION TO PAY DUTY IN ACCORDANCE WITH ANNUAL COMPENSATION VALUE IN CERTAIN CASES.

3. Where it is shown to the satisfaction of the Commissioners that the annual value of the premises exceeds five hundred pounds, a retailer's on-licence may be granted at the option of the licence holder on payment of an amount equal to one-third of the annual licence value as certified for the purposes of this Act, and where that amount has not been certified for the purpose of the register to be prepared under this Act, the licence holder may require that amount to be so certified:

Provided that—

- (a) the duty payable in pursuance of this provision shall not be less than two hundred and fifty pounds in the case of fully-licensed premises, or in the case of a beerhouse one hundred and sixty-six pounds thirteen shillings and fourpence; and
- (b) where the annual licence value has not been certified, the licence shall be granted on a provisional payment of the minimum duty payable under this provision, or of one-fifth of the full duty, whichever is the higher, and, upon the annual licence value being certified, the duty shall be adjusted by the return of any over-payment or by the recovery, as a debt to His Majesty, of any sum by which the amount paid falls short of the amount which is found to be payable.

This provision shall apply to premises, whatever their annual value, if they are structurally adapted for use as an hotel and are bonâ fide so used, and it is shown to the Commissioners that it is impracticable to obtain a reduction of duty in respect of the premises under the provisions of this Act

enabling such a reduction to be obtained for hotels in certain cases, owing to the fact that visitors resort to the place where the premises are situated only during certain seasons of the year.

In such a case, the minimum amount of duty payable shall instead of two hundred and fifty pounds be thirty pounds in the case of premises of an annual value not exceeding one hundred pounds, and in any other such case fifty pounds.

CONDITION ATTACHED TO THEATRE LICENCE.

4. The maximum amount of duty payable in respect of a retailer's on-licence granted to the proprietor or occupier of premises adapted to be and bonâ fide used only for any of the following purposes, namely, for judicial or public administrative purposes or as a theatre or place of public or private entertainment, or as public gardens, picture galleries, or exhibitions, or for any similar purpose to which the holding of the licence is merely auxiliary, shall, in the case of a theatre the annual value of which does not exceed two thousand pounds, be twenty pounds, and in any other case be fifty pounds, but it shall be a condition of any such licence that intoxicating liquor is not sold under the licence except while the premises are open and being used, and to persons bonâ fide using the premises, for the said purposes.

MAXIMUM DUTY IN RESPECT OF REFRESHMENT ROOMS.

5. The maximum amount of duty payable in respect of a retailer's on-licence granted to the proprietor or occupier of premises adapted to be and bonâ fide used as refreshment rooms at a railway station shall be fifty pounds.

PROVISION AS TO DUTY WHERE PREMISES INCLUDE A PLACE OF PUBLIC ENTERTAINMENT.

6. Where any premises include a music hall or other similar place of public entertainment (hereinafter referred to as a place of entertainment), a retailer's on-licence may be granted, at the option of the licence holder, on payment of a duty of fifty pounds, together with such sum as would be payable as duty under this Act on the part of the premises not used as the place of entertainment if that part were a separate set of premises, but it shall be a condition of any such licence that intoxicating liquor is not sold under the licence in the place of entertainment except whilst that place is open and being used, and to persons bonâ fide using that place, as a place of entertainment.

*Provisions applicable to Retailers'
Off-Licence.*

RESTRICTION TO SALE OFF.

1. A retailer's off-licence authorises the sale by retail of the liquor to which the licence extends for consumption off the premises only.

MINIMUM QUANTITY OF SPIRITS TO BE SOLD.

2. A person holding the off-licence to be taken out by a retailer of spirits may not sell spirits in open vessels, or in England in any quantity less than one reputed quart bottle.

MINIMUM QUANTITY OF WINE TO BE SOLD.

3. A person holding the off-licence to be taken out by a retailer of wine may not sell wine in open vessels or in England or Ireland in any quantity less than one reputed pint bottle.

D.—PASSENGER VESSEL LICENCES.

1. Licence to be taken out annually in respect of a passenger vessel by the master or other person belonging to the vessel nominated by the owner of the vessel—

Duty of 10*l*.

2. Licence to be taken out in respect of a passenger vessel by the master or other person belonging to the vessel nominated by the owner of the vessel, and to be in force for one day only—

Duty of 2*l*.

Corresponding existing licence.

Licence on which duty is payable under 43 and 44 Vict. c. 20. s. 45.

Provisions applicable to Passenger Vessel Licences.

AUTHORITY TO SELL.

1. A passenger vessel licence granted in respect of any vessel authorises the sale by retail while the vessel is engaged in carrying passengers of any intoxicating liquor on the vessel to passengers for consumption on the vessel.

AUTHORITY TO SELL TOBACCO.

2. A passenger vessel licence authorises the sale of tobacco as well as the sale of intoxicating liquor.

TRANSFER OF LICENCE IN ORDINARY CASES.

3. In the event of any person to whom a passenger vessel's licence has been granted ceasing to be master of the vessel or to belong to the vessel, the licence may be transferred to any person who is for the time being master of the vessel or is for the time being

a person belonging to the vessel and nominated by the owner of the vessel for the purpose.

TRANSFER OF LICENCE ON SALE OR LEASE OF VESSEL.

4. In the event of the transfer of the vessel to some other owner, the licence granted under this section shall cease to have effect as respects that vessel, but may, in that event and in the event of the loss of the vessel, be transferred, on the application of the owner of the vessel, to the master of some other vessel belonging to him or to some person belonging to such other vessel and nominated by the owner for the purpose.

JURISDICTION.

5. For the purpose of giving jurisdiction, any sale of liquor on a passenger vessel shall be deemed to have taken place either where it has actually taken place or in any place in which the vessel may be found.

E.—RAILWAY RESTAURANT CAR LICENCES.

Licence to be taken out annually in respect of a railway restaurant car by the railway company or other person owning the car—

Duty of 1*l*.

Provisions applicable to Railway Restaurant Car Licences.

1. A licence for a railway restaurant car

may be granted without the production of a justice's licence or certificate.

AUTHORITY TO SELL.

2. A railway restaurant car licence granted in respect of a car in which passengers can be supplied with meals authorises the sale by retail to passengers on the car of any intoxicating liquor for consumption on the car.

F.—OCCASIONAL LICENCES.

Occasional licences granted under section thirteen of the Revenue Act, 1862 (25 & 26 Vict. c. 22), section twenty of the Revenue Act, 1863 (26 & 27 Vict. c. 33), and section five of the Revenue Act, 1864 (27 & 28 Vict. c. 18).

Duties:—

(a) Sale of any intoxicating liquor—per day, 10*s*.

(b) Sale of beer or wine only—per day, 5*s*.

Provisions applicable to Occasional Licences.

EXTENSION TO UNITED KINGDOM.

An occasional licence may be granted under section five of the Revenue Act, 1864, for the sale of beer only in Scotland and Ireland as well as in England, and for the sale of wine only in Scotland as well as in England and Ireland; and any provisions relating to occasional licences shall apply accordingly.

SECOND SCHEDULE.

SCALE OF RATES OF ESTATE DUTY.

Where the principal value of the estate						Estate duty shall be payable at the rate per cent. of
Exceeds	£	100 and does not exceed	£	500	...	1
"	500	"	"	1,000	...	2
"	1,000	"	"	5,000	...	3
"	5,000	"	"	10,000	...	4
"	10,000	"	"	20,000	...	5
"	20,000	"	"	40,000	...	6
"	40,000	"	"	70,000	...	7
"	70,000	"	"	100,000	...	8
"	100,000	"	"	150,000	...	9
"	150,000	"	"	200,000	...	10
"	200,000	"	"	400,000	...	11
"	400,000	"	"	600,000	...	12
"	600,000	"	"	800,000	...	13
"	800,000	"	"	1,000,000	...	14
"	1,000,000	...	...	...	...	15

THIRD SCHEDULE.

SPIRITS.

PART I.

ADDITIONAL CUSTOMS DUTIES ON SPIRITS.

For every gallon computed at proof of spirits of any description (except perfumed spirits), including naphtha or methylic alcohol purified so as to be potable, and mixtures and preparations containing spirits ...	s. d.
For every gallon of perfumed spirits ...	3 9
For every gallon of liqueurs, cordials, mixtures, and other preparations entered in such a manner as to indicate that the strength is not to be tested ...	6 0
	5 1

PART II.

CUSTOMS DUTIES ON SPECIAL ARTICLES.

	£	s.	d.
Chloral hydrate ...	the pound	0	1 9
Chloroform ...	the pound	0	4 4
Collodion ...	the gallon	1	14 11
Ether, acetic ...	the pound	0	2 7
Ether, butyric ...	the gallon	1	1 10
Ether, sulphuric ...	the gallon	1	16 6
Ethyl, iodide of ...	the gallon	0	19 0
Ethyl bromide ...	the pound	0	1 5
Ethyl chloride ...	the gallon	1	1 10

FOURTH SCHEDULE.

TOBACCO.

PART I.

CUSTOMS DUTIES.

Upon tobacco unmanufactured, viz. :—		<i>s.</i>	<i>d.</i>
Containing 10 lbs. or more of moisture in every 100 lbs. weight thereof—			
Unstripped	the lb.	3	8
Stripped	the lb.	3	8½
Containing less than 10 lbs. of moisture in every 100 lbs. weight thereof—			
Unstripped	the lb.	4	1
Stripped	the lb.	4	1½
Upon tobacco manufactured, viz. :—			
Cigars	the lb.	7	0
Cigarettes	the lb.	5	8
Cavendish or Negrohead	the lb.	5	4
Cavendish or Negrohead manufactured in bond	the lb.	4	8
Other manufactured tobacco	the lb.	4	8
Snuff containing more than 13 lbs. of moisture in every 100 lbs. weight thereof ...	the lb.	4	5
Snuff not containing more than 13 lbs. of moisture in every 100 lbs. weight thereof	the lb.	5	4

PART II.

EXCISE DUTIES.

Upon tobacco unmanufactured, viz. :—		<i>s.</i>	<i>d.</i>
Tobacco containing 10 lbs. or more of moisture in every 100 lbs. weight thereof...	the lb.	3	6
Tobacco containing less than 10 lbs. of moisture in every 100 lbs. weight thereof ..	the lb.	3	11
Upon tobacco manufactured, viz. :—			
Cavendish or Negrohead manufactured in bond	the lb.	4	8

PART III.

RATES OF DRAWBACK.

		<i>s.</i>	<i>d.</i>
Cigars	the lb.	4	2
Cigarettes	the lb.	4	1
Cut, roll, cake, or other manufactured tobacco	the lb.	4	0
Snuff (not being offal snuff)	the lb.	3	10
Stalks, shorts, or other refuse of tobacco (including offal snuff)	the lb.	3	9

FIFTH SCHEDULE.

PART I.

REBATE OF MOTOR SPIRIT DUTY.

Motor spirit used for the purpose of supply-motive power—

- (1) To a motor car which is constructed or adapted for use, and is used, solely for the conveyance of any goods or burden in the course of trade or husbandry, and whereon the Christian name and surname and place of abode or place of business of the person, or the name or style and principal

or only place of business of the company or firm keeping the same, shall be legibly and visibly painted in letters of not less than one inch in length.

- (2) To a motor cab, motor omnibus, or other vehicle being a hackney carriage within the meaning of section four of the Customs and Inland Revenue Act, 1888, while it is standing or plying for hire.

- (3) To a motor car which is constructed or adapted for use or is used partly for the conveyance of any goods or burden in the course of trade or industry, and partly as a motor cab, motor omnibus, or other vehicle being a hackney carriage within the mean-

ing of section four of the Customs and Inland Revenue Act, 1888, standing or plying for hire.

- (4) To a motor car kept by a duly qualified medical practitioner while it is being used by him for the purposes of his profession.

PART II.

RATES OF DUTIES ON MOTOR CARS.

						Duty.		
						£	s.	d.
Motor bicycles and motor tricycles, of whatever horse power						1	0	0
Motor cars—								
Not exceeding 6½ horse power						2	2	0
Motor cars—								
Exceeding 6½, but not exceeding 12 horse power						3	3	0
"	12	"	"	16	"	4	4	0
"	16	"	"	26	"	6	6	0
"	26	"	"	33	"	8	8	0
"	33	"	"	40	"	10	10	0
"	40	"	"	60	"	21	0	0
"	60	...	...	...	...	42	0	0

SIXTH SCHEDULE.

ENACTMENTS REPEALED.

Session and Chapter.	Title or Short Title.	Extent of Repeal.
12 Chas. 2. c. 34.	An Act for prohibiting the Planting, Setting, or Sowing of Tobacco in England and Ireland.	The whole Act, as from the first day of January 1910.
15 Chas. 2. c. 7.	An Act for the encouragement of Trade.	The whole Act, as from the first day of January 1910.
22 Geo. 3. c. 73.	The Tobacco Act, 1782	The whole Act, as from the first day of January 1910.
36 Geo. 3. c. 52.	The Legacy Duty Act, 1796.	In section fourteen, so far as it applies to objects which appear to the Treasury to be of national, scientific, historic, or artistic interest, the words from "and given to" to "persons in succession"; the word "so," where it secondly occurs; the words from "not having any power" to "property yielding an income"; the words from "or shall come" to "having an absolute interest therein"; the word "same," where it fifthly occurs; the words from "as if the same had been" to "or dispose thereof"; and the words from "or who shall have" to "an absolute interest therein."

Session and Chapter.	Title or Short Title.	Extent of Repeal.
54 Geo. 3. c. 92.	The Probate and Legacy Duties (Ireland) Act, 1814.	In section fifteen, so far as it applies to objects which appear to the Treasury to be of national, scientific, historic, or artistic interest, the words from "and given to" to "persons in succession"; the word "so," where it secondly occurs; the words from "not having any power" to "property yielding an income"; the words from "or shall come" to "having an absolute interest therein"; the word "same," where it fifthly occurs; the words from "as if the same had been" to "or dispose thereof"; and the words from "or who shall have" to "an absolute interest therein."
6 Geo. 4. c. 81.	The Excise Licences Act, 1825.	Section two, from "Beer.—Every "person not being a brewer of beer" to "or upwards 3 $\frac{1}{2}$ 3s. od."; from "Every distiller" to "retailer thereof 10 $\frac{1}{2}$ os. od."; from "Every retailer of spirits (except" to "13 $\frac{1}{2}$ 13s. od."; and from "Wine" to "10 $\frac{1}{2}$ os. od."; section sixteen, down to "as last aforesaid (except as aforesaid) shall expire and"; section twenty-six, from "Every distiller" to "five hundred pounds"; from "Every person not being a brewer of beer" to "and sell coffee, tea, cocoa nuts, chocolate or pepper"; the words "Every dealer in foreign wine so offending respectively," and the word "respectively" where it next occurs; and from "Every person who shall sell" to "metheglin."
9 Geo. 4. c. 47.	The Passage Vessel Licences Act, 1828.	The whole Act.
11 Geo. 4 & 1 Will. 4. c. 64.	The Beerhouse Act, 1830 ...	Section two, from "and any and every" where those words first occur to "notwithstanding and that," and sections seven, eight, and thirty.
1 & 2 Will. 4. c. 13.	The Tobacco Cultivation Act, 1831.	The whole Act, as from the first day of January, 1910.
4 & 5 Will. 4. c. 75.	The Excise Act, 1834 ...	Section ten.
4 & 5 Will. 4. c. 85.	The Beerhouse Act, 1834 ...	Sections thirteen, seventeen, nineteen, and twenty.
3 & 4 Vict. c. 17.	The Excise Act, 1840 ...	Section one, so far as relates to duties on licences for the manufacture or sale of intoxicating liquor.
8 & 9 Vict. c. 64.	The Spirits (Ireland) Act, 1845.	In section one, the words "spirits in any greater quantity at one time than two quarts or," and the words "and at the same rates of duty respectively."
11 & 12 Vict. c. 121.	The Liqueur Act, 1848... ..	Sections nine to eleven.
13 & 14 Vict. c. 67.	The Brewers' Licensing Act, 1850.	The whole Act.

Session and Chapter.	Title or Short Title.	Extent of Repeal.
16 & 17 Vict. c. 51.	The Succession Duty Act, 1853.	Section twenty-three, except as respects persons dying before the passing of this Act.
16 & 17 Vict. c. 67.	The Licensing (Scotland) Act, 1853.	Section eight, so far as unrepealed.
23 & 24 Vict. c. 27.	The Refreshment Houses Act, 1860.	Section one, from "and for every licence to be granted" to the end of the section; sections three, four, and seven; the words "under this Act" in section eight; section nineteen; in section twenty-one, the words "whether licensed under this Act or not"; the words "under this Act" wherever they occur in sections twenty-two, twenty-three, and twenty-five; and in section forty-four, the words "under the provisions of this Act."
23 & 24 Vict. c. 107.	The Refreshment Houses (Ireland) Act, 1860.	Section one, from "and for every licence to be granted" to the end of the section; sections three, four, and seven; the words "under this Act" in section eight; in section ten, the words "No. 2, or No. 3"; sections twenty-one and twenty-two; in section twenty-three, the words "whether licensed under this Act or not"; the words "under this Act" wherever they occur in sections twenty-four, twenty-five, and twenty-seven to thirty-one; in section forty-six, the words "under the provisions of this Act," and No. 2 and No. 3 in the Schedule.
23 & 24 Vict. c. 113.	The Excise Act, 1860	Sections one, seven, and thirty-seven.
24 & 25 Vict. c. 21.	The Revenue (No. 1) Act, 1861.	Sections two and three, and Schedule A.
24 & 25 Vict. c. 91.	The Revenue (No. 2) Act, 1861.	In section nine the words "under either of the said Acts"; section ten; in section eleven, the words "under the Refreshment Houses Act, 1860; section twelve; section fourteen.
26 & 27 Vict. c. 33.	The Revenue Act, 1863	Sections one and two; section three, from "that is to say" to "at one time"; and sections eighteen and nineteen.
27 & 28 Vict. c. 18.	The Revenue (No 1) Act, 1864.	Schedule B., so far as it relates to occasional licences to retail wine or beer.
27 & 28 Vict. c. 35.	The Beerhouses (Ireland) Act, 1864.	Section fifteen.
35 & 36 Vict. c. 94.	The Licensing Act, 1872	Section forty-eight, from "The Commissioners" to the end of the section.
38 & 39 Vict. c. 23.	The Customs and Inland Revenue Act, 1875.	Sections nine and twelve.
39 & 40 Vict. c. 16.	The Customs and Inland Revenue Act, 1876.	The first two paragraphs, so far as unrepealed, of section four.

Session and Chapter.	Title or Short Title.	Extent of Repeal.
43 & 44 Vict. c. 20.	The Inland Revenue Act, 1880.	Subsections (1) and (2) of section ten, and subsection (3) of that section from "under this Act" to "pounds and"; and sections forty to forty-two; section forty-three, except subsection (7); and sections forty-four and forty-five.
44 & 45 Vict. c. 12.	The Customs and Inland Revenue Act, 1881.	Subsection (1) of section fourteen.
45 & 46 Vict. c. 66.	Passenger Vessels Licences Amendment (Scotland) Act, 1882.	In section one, the words "in terms of the recited Acts."
48 & 49 Vict. c. 51.	The Customs and Inland Revenue Act, 1885.	Subsection (2) of section four, and section five.
49 & 50 Vict. c. 18.	The Customs and Inland Revenue Act, 1886.	In section three, the words "no licence shall be required, and."
51 & 52 Vict. c. 8.	The Customs and Inland Revenue Act, 1888.	Section four, so far as relates to the rates of duty for motor cars for which a duty is imposed by this Act, as from the first day of January nineteen hundred and ten.
52 & 53 Vict. c. 42.	The Revenue Act, 1889 ...	Section twenty-four, so far as relates to licences for the sale of intoxicating liquor, and section twenty-eight.
54 & 55 Vict. c. 39.	The Stamp Act, 1891 ...	Sections fifty-two and fifty-three; and the heading "Contract Note" in the First Schedule.
56 & 57 Vict. c. 7.	The Customs and Inland Revenue Act, 1893.	Section three.
59 & 60 Vict. c. 28.	The Finance Act, 1896 ...	In section twenty, the words from "and is settled" to "by different persons"; the words "by a person not competent to dispose of the same"; the words "or is in the possession of some person who is then competent to dispose of the same"; the words "and also the person being in possession and competent to dispose of the same"; and the words from "and in the case" to the end of the section, except as respects persons dying before the thirtieth day of April nineteen hundred and nine.
59 & 60 Vict. c. 36.	The Locomotives on Highways Act, 1896.	Section eight, so far as relates to motor cars for which a duty is imposed by this Act, as from the first day of January nineteen hundred and ten.
60 & 61 Vict. c. 24.	The Finance Act, 1897 ...	Section seven.
61 & 62 Vict. c. 10.	The Finance Act, 1898 ...	Section one.
61 & 62 Vict. c. 46.	The Revenue Act, 1898 ...	Subsection (1) of section seven.
62 & 63 Vict. c. 9.	The Finance Act, 1892 ...	Section thirteen.

Session and Chapter.	Title or Short Title.	Extent of Repeal.
63 & 64 Vict. c. 7.	The Finance Act, 1900 ...	Section two; and section five, from "and the duties of customs" to the end of the section.
3 Edw. 7. c. 25.	The Licensing (Scotland) Act, 1903.	Subsection (1) of section eleven, from "and notwithstanding" to the end of the subsection; and sections forty-four and fifty-one.
4 Edw. 7. c. 7.	The Finance Act, 1904 ...	Section two (subsection (1), and the words "in this section" in subsection (3); and subsection (1) of section three.
4 Edw. 7. c. 23.	The Licensing Act, 1904 ...	Subsection (4) of section four.
5 Edw. 7. c. 4.	The Finance Act, 1905 ...	Subsection (4) of section seven.
6 Edw. 7. c. 8.	The Finance Act, 1906 ...	Subsections (1) and (2) of section two; and the First Schedule.
6 Edw. 7. c. 20.	The Revenue Act, 1906 ...	Subsection (1) of section seven.
7 Edw. 7. c. 13.	The Finance Act, 1907 ...	In section two, the word "tobacco"; and section twelve, and the First Schedule, except as respects persons dying before the thirtieth day of April nineteen hundred and nine.
8 Edw. 7. c. 10.	The Tobacco Growing (Scotland) Act, 1908 ...	The whole Act.
8 Edw. 7. c. 16.	The Finance Act, 1908 ...	Subsection (1) of section three down to "the lb. - - 3s. 2d. and," and the words "on and after the same date" in that subsection.

INDEX

NOTE.—The main proposals of the Budget are printed in CAPITALS. The abbreviation *cl.* refers to clauses of the Finance Bill; *sch.* refers to schedules.

- Abatements in Income Tax, restriction of, 29
 Afforestation, Britain as well adapted for as Germany, 15
 defence against criticisms of proposals, 64
 Foresters, trained band of necessary, 15
 in Germany, 15
 scheme for encouragement of in Britain, 14-16
 Age limit of Old Age Pensions, impossible to reduce, 9
 Agriculture, encouragement of, 16
 Agricultural land, as affected by Death Duties, 75
 as affected by Income Tax, 75
 as affected by Land Valuation proposals, 92
 as opposed to that held by statutory companies, 92
 exempt from taxation under Increment Value Duty, 51, *cl.* 7 (p. 141)
 owner of, distinguished from urban landlord and mine-owner, 46
 Alcohol, decrease in consumption of, 1, 117
 why taxation is desirable, 118
 Balance sheet of Budget, 56-57
 Balfour of Burleigh, Lord, on urban land, 76
 Beer, additional Customs duty on, *cl.* 82 (p. 171)
 duty considered, 54
 retailers' licences, 41
 Belgium, system of workmen's insurance, 11
 Beneficial results of spirit duty, 119
 Bismarck's scheme of workmen's insurance, 9
 Bonds to bearer (Stamp Duty), 35
 "Bucket shops" (Stamp Duty), 36
 "Campaign Guide," Unionist, The, 133
 Capital, British, flow of to the Colonies, 73
 flow of to U.S.A., 70
 Central Road Authority, motorists to bear brunt of expense of, 19
 Charitable purposes, special provision for land held for, *cl.* 37 (p. 154)
 as affected by Land Valuation proposals, 92
 as opposed to statutory companies, 93
 Children under 16, relief from Income Tax in respect of, *cl.* 68 (p. 166); also p. 27
 Claims of the Budget, the, 134
 Claims for repayment of Income Tax, 30
 Clubs, duty on statement of purchases of intoxicating liquor to be supplied in, *cl.* 48 (p. 159); also p. 42
 Colonial taxes compared with British (Undeveloped Land Duty), 73
 Commission on Housing of Working Classes, proposals as to urban land, 76
 on Poor Law, proposals of, 11
 Compulsory scheme of Insurance, 10
 Contract Notes, alteration and extension of duty on, *cl.* 77 (p. 170)
 extension of provisions as to C.N. to sale or purchase of options, *cl.* 79 (p. 171)
 obligation to execute, *cl.* 78 (p. 170)
 Conveyances, Stamp Duty on, *cl.* 73 (p. 169)
 Corporate bodies, collection and recovery of duty in case of property held by, *cl.* 6 (p. 141)
 Crown Lands, provision under Increment Value Duty, *cl.* 10 (p. 142)
 CUSTOMS AND EXCISE DUTIES other than liquor licence duties, *cl.* 80-86 (pp. 171-174)
 CUSTOMS AND EXCISE DUTIES, defence against criticisms of, 74
 estimated yield of, 56
 Beer, *cl.* 82 (p. 171); also p. 54
 Motor Cars, *cl.* 84-86 (pp. 172-174); also pp. 23-25 and 126
 doctors' cars to be taxed at half-rates, 23
 exemption of half the duty for commercial vehicles, 24
 rates of duties on, 186
 size of motor traffic as compared with that of foreign countries, 18
 motor spirit duty, rebate of, 185
 taxation of motor cycles, 23-24
 Spirit Duties, *cl.* 81 (p. 145); also pp. 54, 105-106, 111, 112
 defence against criticisms of, 74, 106
 great reduction in consumption, 105
 schedule of duties on, 177-183, 184
 Sugar, 54, 65
 Tea, *cl.* 80 (p. 171)
 reasons for not reducing duty, 107-108
 Tobacco, *cl.* 83 (p. 172); also p. 55
 schedule of duties on, 185
 Dead-weight debt, reduction of, 21
 Death, collection and recovery of Increment Value Duty in case of, *cl.* 5 (p. 141)
 DEATH DUTIES, *cls.* 54-64 (pp. 162-165); also pp. 39, 97-101
 amendment as to Value of Property, *cl.* 60 (p. 164)
 defence against criticisms of, 68, 74, 98
 exemption of objects of national, scientific, or historic interest, extension of, *cl.* 63 (p. 165)
 in France, 70
 increase in, 98, 115
 interests in expectancy, protection of purchasers and mortgagees of, *cl.* 64 (p. 165)
 a justifiable tax, 98
 property, special provisions with respect to certain classes of, *cl.* 61 (p. 164)
 revised estimate, 111
 stocks and shares, valuation of, 33
 Dispositions *inter vivos*, gifts and, provisions as to, *cl.* 59 (p. 163); also 34
 Estate Duties, 25, 126
 amended rates of, *cl.* 54 (p. 162)
 deduction of amount paid for Increment Value Duty from value of estate for purposes of, *cl.* 62 (p. 165)
 exemption of certain estates, 34
 graduation to be steepened, 30
 limitation on debts deductible from value of estate, *cl.* 57 (p. 162)
 limitation of relief from in respect of settled property, *cl.* 57 (p. 162)
 scale of rates of, 184
 settlement estate duty, 31
 valuation for purposes of, 33
 Legacy and Succession Duties, 32
 amendment of rates of, *cl.* 58 (p. 163)
 exemptions from, 33
 DEBT, NATIONAL, reduction of the permanent annual charge, *cl.* 92 (p. 175); also p. 20
 reduction of Dead-weight, 21
 reduction of Fixed, 20, 21

- DEBT, NATIONAL, reduction of, defence against criticism of, 64
intended always to be under Parliamentary control, 64
- Debts deductible from value of estates, limitation on, *cl.* 57 (p. 162)
- Deserted areas in Britain, resettlement of, 14
- DEVELOPMENT FUND, *cls.* 87-91 (pp. 174, 175); also pp. 16-20
defence against criticisms of, 63
no reflection upon landlords, 63
surplus savings to go to, 17
- Afforestation, 14
Afforestation, Britain as well adapted for as Germany, 15
Afforestation, defence against criticisms of proposals, 64
Afforestation, foresters, trained band of necessary, 15
Afforestation in Germany, 15
Afforestation, scheme for encouragement of in Britain, 14-16
- Agriculture, encouragement of, 16
monopoly value, payments in respect of to go to Exchequer, *cl.* 87 (p. 174)
- Payments into Local Taxation account in respect of Liquor Licences and provisions as to duties on Motor-car licences, *cl.* 88 (p. 174)
- Roads, 18-20
administration, 19
central authority, 19
collection of motor-car licences in Ireland, *cl.* 89 (p. 174)
Improvement Account, payment of duties on motor spirit and motor-car licences to, *cl.* 90 (p. 175)
Improvement scheme, 19, 25
will relieve agricultural land, 76
- Maintenance, 18
future of motor industry must add to costs of, 18
new, to be made where necessary, 19
payment of half the duties on Land Values for benefit of local authorities, *cl.* 91 (p. 175)
- Devonport, case of (Undeveloped Land Duty), 68
- Dispositions *inter vivos*, and gifts, provisions as to, *cl.* 59 (p. 163); also p. 34
- Doctors' motor cars, to be taxed at half rates, 23
- Drawback and duties on tobacco, *cl.* 83 (p. 172)
- "Drownoughts," cost of, 5, 125
- Drink revenue, fall in, 125
- Dudley collieries, case of (Mineral Rights Duty), 91
- Earned Incomes, further relief in respect of, *cl.* 67 (p. 166)
- East Ham (Land Valuation), 92
- Economies of Liberal Government, 20-22
in Services, importance of, 22
- Education Act of 1902, effect of on local rates, 91
- Education and improved conditions of the people account for growth of wealth, 26
- Enactments repealed, Schedule of, 186-190
- Equilibrium in Trade, impossible to establish an absolute, 12
- Estate Duties, *cl.* 54-56 (p. 162); also 25, 126
amended rates of, *cl.* 54 (p. 162)
- Estate Duties, deduction of amount paid for Increment Value Duty from value of estate for purposes of, *cl.* 62 (p. 165)
exemption of certain estates, 34
graduation to be steepened, 30
limitation of relief from in respect of settled property, *cl.* 55 (p. 162)
power to transfer land in satisfaction of, *cl.* 56 (p. 162)
- Scale of Rates, 184
settlement estate duty, 31
amended rates of, *cl.* 54 (p. 162)
power to transfer land in satisfaction of, *cl.* 56 (p. 162)
valuation for purposes of, 33
See also Succession Duty
- Estimates, original Budget not wrong in, 114
revenue has turned out well, 120
revised, of new duties, 109-114
- Excise and Customs Duties, *v.* Customs.
- Expenditure for 1909-1910, 2
unanimous assent to increased, 2
restricted rather than extended by Government, 3
- Expiration of Liquor Licences, temporary provision as to, *cl.* 53 (p. 161)
- Family man, relief for (Income Tax), 27
- Features of Budget, main, unchallenged, 58
- Festiniog quarrymen, case of (Increment Value Duty), 47
- Financial outlook for 1909-1910, 4
- Fixed Debt charge, reduction of, 20, 21
- Flats, special provision as to, under Increment Value Duty, *cl.* 11 (p. 142)
- Foresters, trained band of necessary, 15
- Free estates (Estate Duty), 34
- French taxes compared with British, 70
- Games and recreations, special exemption of Increment Value Duty in the case of land used for, *cl.* 9 (p. 142)
- Garden Cities and the Land Duties, 108-109
- General Clauses of the Finance Bill:—
Application of existing enactments to Licences granted under this Act, *cl.* 93 (p. 175)
Laying of rules and regulations before Parliament, *cl.* 94 (p. 176)
Penalty for making false statement or representation, *cl.* 95 (p. 176)
Repeal, construction, and short title, *cl.* 96 (p. 176)
- George, Henry, quoted in connection with Land Taxes, 78
- Germany, advantages derived by employers, 10
Bismarck's scheme of workmen's insurance, 9
to put ourselves on a level with in workmen's insurance all that is necessary, 11
- Gifts, provisions as to under Death Duties, *cl.* 59 (p. 163)
Stamp Duty on, *cl.* 74 (p. 169)
- Gin-drinking, the destruction of in Great Britain (Liquor Licences), 118
- Graduation and differentiation of Income Tax, principles to be extended, 26
difficulties of a complete scheme of, 28
- Great Central Railway, case of (Land Valuation Duties), 93
- Grocers' Spirit Licences, 45
- Guillotine closure, none during consideration of Budget, 124

- Hamburg Port, 118
- Historic interest, extension of exemption of objects of under Death Duties, *cl.* 63 (p. 165)
- Hotels, licences for, 41, 42
- reduction of Licensing Duties in respect of, *cl.* 45 (p. 158)
- Incomes, earned, relief in respect of, *cl.* 67 (p. 166)
- INCOME TAX, *cl.* 65-72 (pp. 165-168), 25, 101-105, 112-113, 126
- for 1909-1910, *cl.* 65 (p. 165)
- abatement for children, *cl.* 68 (p. 166), 27
- in case of persons not resident in U.K., *cl.* 71 (p. 167)
- restriction of, 29
- as it affects agricultural land, 75
- claims for repayment of, 30
- defence against criticisms of, 70, 74
- Exemption for Provident Funds of Friendly Societies and Trade Unions, *cl.* 70 (p. 167)
- in France, 70
- increased yield of, 25
- graduation and differentiation, principles of to be extended, 26
- reduction of id. impossible, 101
- relief for family man, 27
- in respect of earned incomes, *cl.* 67 (p. 166)
- in respect of children, *cl.* 68 (p. 166); also p. 27
- under Schedule A., *cl.* 69 (p. 167); also p. 102
- restriction of abatements, 29
- Schedule A., impossibility of transference of properties from to Schedule D., 102
- Schedule A., concession in respect of, 103
- Schedule A., basis on which concession is to be made, 104
- Schedule A., possible grievance under, 101
- Super-Tax, Assessment of Special Provisions as to, *cl.* 72 (p. 168)
- on large incomes, *cl.* 66 (p. 166), 28
- an uncertainty, 126
- yield of estimated, 29
- Inconsistencies of the Budget, so-called, 70
- INCREMENT VALUE DUTY, *cls.* 1-12, 138-143; *cl.* 62 (p. 165)
- amount of duty, *cl.* 1; also p. 138
- case from South Wales, 131
- collection and recovery of in cases of transfers and leases, *cl.* 4; also p. 140
- collection and recovery of in case of death, *cl.* 5 (p. 141)
- property held by bodies corporate or unincorporate, *cl.* 6 (p. 141)
- deduction of amount paid for from value of estate for purposes of Estate Duty, *cl.* 62 (p. 165)
- definition of, *cl.* 2 (p. 138)
- exemption for agricultural land, *cl.* 7 (p. 141)
- of small houses and properties in owner's occupation, *cl.* 8 (p. 141)
- Festiniog quarrymen, case of, 47
- procedure for exemption of agricultural land, 51
- general provisions as to collection of, *cl.* 3 (p. 139)
- Increment Value Duty, exemption in the case of land used for games and recreation, *cl.* 9 (p. 142)
- provision as to Crown lands, &c., *cl.* 10 (p. 142)
- special provision as to flats, *cl.* 11 (p. 142)
- provision as to claims for deductions, *cl.* 12 (p. 143)
- small holdings exempt, 53
- Sheffield, case of, 130
- 20 per cent. I.D. on death, a new tax, 134
- Woolwich, case of, 48
- Industrial classes in proportion pay more than the richer classes, 23
- Inns, country, licences for, 40
- Insurance, industrial, Belgian system, 11
- Bismarck's system, 9
- Germany, to put ourselves on a level with, all that is necessary, 11
- guiding principles in any scheme for G.B.I., 11
- against unemployment, 12, 126
- voluntary and compulsory schemes, 10
- Inter vivos dispositions, 34
- provision as to under Death Duties, *cl.* 59 (p. 163)
- Interests in expectancy, protection of purchasers and mortgagees of, *cl.* 64 (p. 165)
- Ireland, collection of motor-car licence duties in, *cl.* 89 (p. 174)
- as affected by Budget, 62
- Labour exchanges, national system of, 13
- on land, 17
- LAND TAXES, *cl.* 1-42 (pp. 138 to 157), *cl.* 91 (p. 175); also pp. 45 to 54, 126, 128-134
- agricultural land exempt, *cl.* 7 (p. 141); also p. 51
- distinguished from urban, 46
- see also separate heading
- beneficial results of, probable, 132
- defence against criticisms of, 61
- see also under Increment Value Duty, Reversion Duty, Undeveloped Land Duty, Mineral Rights Duty, Valuation of Land
- estimate of yield of taxes, 53
- future of, 120
- in France, 70
- garden cities, 108, 109
- parks, &c., 51, *cl.* 17 (p. 139)
- relief of local rates from, 93-97
- success of proposals on Continent, 67
- taxation of ground values, 129
- urban land duty, Lord Balfour of Burleigh on, 76
- distinguished from agricultural, 46
- justification of tax on, 48
- land kept out of market, 49
- Royal Commission on Housing of Working Classes on, 76
- Lord St. Aldwyn on, 77
- INCREMENT VALUE DUTY, *cl.* 1-12 (pp. 138-143), *cl.* 62 (p. 165)
- agricultural land exempt, *cl.* 7 (p. 141)
- See also under separate heading.
- REVERSION DUTY, *cl.* 13-15 (pp. 143-144)
- See also under separate heading.
- UNDEVELOPED LAND DUTY, *cl.* 16-19 (pp. 144-146)
- See also under separate heading.
- MINERAL RIGHTS DUTY, *cl.* 20-24 (pp. 146-149)
- See also under separate heading

LAND TAXES—

- VALUATION FOR PURPOSES OF DUTIES ON LAND VALUES, *cl.* 25-32 (pp. 149-152)
See also under Valuation of Land.
- APPEAL CLAUSES :—Appeals to referees, *cl.* 33 (p. 152)
Appointment of referees to hear appeals, *cl.* 34 (p. 153)
- SUPPLEMENTAL CLAUSES :—Application of Land Taxes to copyholds, *cl.* 40 (p. 155)
Application of Land Taxes to Scotland, *cl.* 42 (pp. 156 and 157)
Deduction from increment value of sum paid to rating authority in respect of increase in value, *cl.* 36 (p. 153)
Definitions, *cl.* 41 (pp. 155 and 156)
Exemption for land held by rating authorities, *cl.* 35 (p. 153)
Power to charge duty on land in certain cases, *cl.* 39 (p. 154)
Special provision for land held for charitable purposes, *cl.* 37 (p. 154)
Special provision for statutory companies, *cl.* 38 (p. 154)
- Leases, Stamp Duty on, *cl.* 75 (p. 169)
of minerals, deduction of duty in case of, *cl.* 21 (p. 146)
- Legacy and succession duties, amendments of rates of, *cl.* 58 (p. 163), 32, 126
exemptions from, *cl.* 63 (p. 165), 33
- Licences, application of existing enactments to, *cl.* 93 (p. 165)
- Licensed premises, valuation of, *cl.* 44 (p. 157)
- LIQUOR LICENCES, *cls.* 43-53 (pp. 157-162), 126
assessment of premises, 39
beer retailers', 41
clubs, 42
comparative value of licensed and unlicensed houses, 38
concessions, 110
country inns, 40
defence against criticisms of, 61, 73, 128
definitions, *cl.* 52 (p. 161)
distribution of payments on account of licence duties in certain cases, *cl.* 46 (p. 159)
duties on excise liquor licences, *cl.* 43 (p. 157)
duty on statement of purchases of intoxicating liquor to be supplied to a club, *cl.* 48 (p. 159)
elements which added to the value of, 37
expiration of licences, temporary provision as to, *cl.* 53 (p. 161)
graduation of rates, 41
grant of and date of expiration of, *cl.* 49 (p. 160)
grocers', 45
hotels and restaurants, reduction of duty in case of, *cl.* 45 (p. 158), 41, 42
houses in urban areas, 40
manufacturers', 43, 177
occasional, 183
penalties, *cl.* 50 (p. 160)
rates applicable to whole of U.K., 44
rates, occasional, 45
rates for passenger vessels and trains, 45, 183
reduction of duty in case of hotels or restaurants, *cl.* 45 (p. 156); also pp. 41 and 42

- LIQUOR LICENCES, reduction of monopoly value payments in certain cases, *cl.* 47 (p. 159)
relation of licences granted under Act to licences abolished, *cl.* 51 (p. 161)
retailers' off and on licences, 44, 179
revision of excise, 43
valuations, *cl.* 44 (p. 157), 39
Whitbread & Co., instance of, 66
Wholesale Dealers', 44, 178
- Local Authorities, *v.* Local Rates
- Local Funds to contribute to cost of removal of pauper disqualification, 8
additional payments to on account of Land Values Duties, 96
- Local Rates, authorities have no claim to monopoly of land taxation, 94
case of Manchester, 95
effect of Education Act of 1902, 94
relief of, from Land Taxes, *cl.* 87-91 (pp. 174, 175)
ratepayers, pressure upon, 6
- Light railways, reasons for non-success of, 63
- Manchester, case of (Local Rates), 95
- Manufacturers' licences (Liquor Licences), 43, *sch.* 177
- Marketable securities, Stamp Duty on, *cl.* 76 (p. 170)
- MINERAL RIGHTS DUTY, *cl.* 20-24 (pp. 146-149), 88-91, 95, 132
application of provisions as to total site value of minerals, *cl.* 23 (pp. 147, 148)
case of Dudley collieries, 91
Welsh coalfields, 91
deduction of duty in case of intermediate leases of minerals, *cl.* 21 (p. 146)
definition for purpose of mineral provisions, *cl.* 24 (pp. 148, 149)
England the only country in the world not deriving revenue from mines, 89
a perfectly fair tax, 79
manner of calculation, 90
the true position, 78
provisions as to minerals, *cl.* 20 (p. 146)
special provisions as to Increment Value Duty and Reversion Duty in the case of minerals worked or leased, *cl.* 22 (p. 147)
suggestions for disposal of proceeds, 96, 97
- Mining royalties, 68
- Monopoly value, payments in respect of to go to Exchequer, *cl.* 87 (p. 174)
- Motor cars, 18-20, 23, *cl.* 84-90 (p. 172-175)
doctors' cars to be taxed at half-rates, 23
duty on licences for, *cl.* 90 (p. 175)
future of motor industry, must add to cost of road maintenance, 18
rates of duties on, 186
size of motor traffic as compared with foreign countries, 18
motor cycles, taxation of, 23
spirit, duty on, 24, 25
rebate of, 185
exemptions and allowances in respect of duty on, 24
yield of taxes to go to road improvement scheme, 25
- See Customs and Excise Duties; also Development Fund
- NATIONAL DEBT, reduction of the permanent annual charge, *cl.* 92 (p. 175)
See Debt, National; also Sinking Fund

- National interest, extension of exemption of from Death Duties, *cl.* 63 (p. 165)
- Navy, cost of, 4-7
- future increase of expenditure upon, 5
- Need for the money to be raised by the Budget, 125
- Non-residents in U.K., exemptions and abatements from Income Tax, *cl.* 71 (p. 167)
- Objections to the new taxes, futility of, 127
- Occasional licences, 183
- Old Age Pensions, 2-4
- effect of, on expenditure, 2-4, 126
- proposals for supplementing, 8
- reduction of age limit impossible, 9
- removal of pauper disqualification from, 8
- a thrice-defaulted obligation, 3
- Options, extension of provisions as to contract notes to sale or purchase of, *cl.* 79 (p. 171)
- "Option notes," 36
- Owner's occupation, small houses and properties in, exemption from Increment Value Duty, *cl.* 8 (p. 141)
- Parks and open spaces, exempt from Undeveloped Land Duty, *cl.* 17 (p. 139); also p. 51
- Passenger vessels and trains, 183
- Pauper, cost of removal of disqualification from Old Age Pensions, 8
- meritorious, proposal to relieve, 7
- Periodical valuation of undeveloped land, *cl.* 28 (p. 151)
- Petrol; see Motor Spirit; also pp. 24, 25
- Poor Law Commission, proposals of, 11
- Post Office, increased revenue from, 112, 115
- Poverty, dominating causes of, 9
- Productive employment, healthy, possibilities for not exhausted, 13
- Prosperity creates no monopoly of increased wealth, 95
- case of South Wales, 95
- Provident funds, of friendly societies and trade unions, extension of exemption from Income Tax, *cl.* 70 (p. 167)
- Rates, Local; see under Local
- Rating Authorities, land held by, exempt from taxation, *cl.* 35 (p. 153)
- Ratepayer, local, pressure upon, 6
- Reception of Budget, gratifying, 58
- Referees (Land Valuation), appeals to, *cl.* 33 (p. 152)
- appointment of to hear appeals, *cl.* 34 (p. 153)
- Representation, false, penalty for making, *cl.* 95 (p. 176)
- Restaurants, reduction of licensing duties in respect of, *cl.* 45 (p. 158)
- licences for, 41, 42
- Retailers' off and on licences, 44, *sch.* 179
- Revenue has turned out well, 120
- REVERSION DUTY, *cls.* 13-15 (pp. 143, 144); also pp. 85, 86
- exemptions from, and allowances, *cl.* 14 (p. 143); also p. 85
- reasons for choice of thirty years, 85
- recovery of, *cl.* 15 (pp. 143, 144)
- Revised estimate of new duties in Budget, 109-114
- Roads, 18-20
- administration, 19
- Roads, central authority, motorists to bear brunt of expense, 19
- improvement scheme, 19, 25
- payment of duties on motor spirit and motor-car licences to, 25
- will relieve agricultural land, 75, 76
- maintenance, 18
- motor industry, future of, must add to costs of, 18
- new, to be made where necessary, 19
- Sale, transfers on, Stamp Duty on, *cl.* 73 (p. 169)
- Schedule A. (of Income Tax), extension of relief under, *cl.* 69 (p. 167)
- basis on which deduction is to be made, 104
- concession in respect of, 103, 111
- possible grievance under, 101
- and Schedule D., 102
- Schedules:—Enactments repealed, 186-190
- Estate Duty, 184
- Excise Liquor Licences, 177-183
- Motor cars, 185-6
- Spirits, 184
- Tobacco, 185
- Scientific interest, extension of exemption of objects of from Death Duties, *cl.* 63 (p. 165)
- Scotland, application of land taxes to, *cl.* 42 (p. 156)
- case of (Spirit Duty), 119
- Securities, Stamp Duty on marketable, *cl.* 76 (p. 170)
- Security, essential to national wealth, 6, 25
- Services, national, importance of economies in, 22
- Settlement Estate Duty, amended rates of, *cl.* 54 (p. 162)
- power to transfer land in satisfaction of, *cl.* 56 (p. 162)
- Sheffield, case of (Increment Value Duty), 130
- SINKING FUND, defence against criticism of, 64
- intended always to be under Parliamentary control, 64
- reduction of permanent annual charge, *cl.* 92 (p. 175), 20-22
- Dead-Weight debt, 21
- Fixed, 20, 21
- revised estimates, amount to be taken from, 114
- See also Debt, National
- Site value of undeveloped land, duty on, *cl.* 16 (p. 144)
- Small Holdings, exemption of from Undeveloped Land Duty, *cl.* 18 (p. 145)
- Increment Value Duty, 83
- Land Valuation, 92
- Small houses, exemption of from Increment Value Duty, *cl.* 8 (pp. 141, 142)
- St. Aldwyn, Lord, upon urban land, 77
- Sobriety of the people, growing, 1
- Social problems, 7-16
- South Wales, case of (relief of local rates from Land Duties), 95
- case from (Increment Value Duty), 131
- Spirit Duty, *cl.* 81 (p. 171), 54, 112
- additional Customs and Excise duties on, *cl.* 81 (p. 171)
- beneficial results of, 119
- defence against criticisms of, 54, 118
- why desirable, 118
- small amount of, 116, 117
- considerable reduction in consumption, 117

- Spirit Duty, schedule of, 184
- STAMP DUTIES, 34, 54, 126
- bonds to bearer, 35
 - contract notes, alteration and extension of duty on, *cl.* 77 (p. 170)
 - extension of provisions as to, *cl.* 79 (p. 171)
 - obligation to execute, *cl.* 78 (p. 170)
 - conveyances or transfers on sale, *cl.* 73 (p. 169)
 - gifts *inter vivos*, *cl.* 74 (p. 169)
 - leases, *cl.* 75 (p. 169)
 - marketable securities, *cl.* 76 (p. 170)
 - "option notes," 36
 - rates of transfer in foreign countries, 34
 - stock transfers, 35
- Statement, penalty for false, *cl.* 95 (p. 176)
- Statutory companies, special provision for under Land Taxes, *cl.* 38 (p. 154)
- land held by, as affected by Land Valuation proposals, 92
 - land held by, as opposed to agricultural land, 93
 - land held by, as opposed to that held by charitable trusts, 92
- Stocks and shares in relation to Death Duties, 35
- Succession and legacy duties, *cl.* 56 (p. 152)
- duty, amendment in rates of, *cl.* 58 (p. 163)
 - power to transfer land in satisfaction of, *cl.* 56 (p. 162)
- Sugar Tax, 54, 65
- Super-Tax on large incomes, 28, 126; *cl.* 66 (p. 166)
- special provisions as to assessment of, *cl.* 72 (p. 168)
 - estimated yield of, 29
- "Tariff Reform," effect of in G.B.I., 65
- food costlier under, 16
 - the foreigner pays his own tariffs, 127
 - tin-plates, example of, 128
- Taxable capacity, our reserve of, 26
- Taxation, new, 22-36
- character of, all-embracing, expansive, non-injurious, 22-23
- Tea Duty, *cl.* 80 (p. 171), 54
- reasons for not reducing, 107, 108
- Temperance, Budget proposals make for, 114-120
- Tin-plates, as regards "Tariff Reform," 128
- Tobacco Duty, *cl.* 83 (p. 172), 55, 126
- defence against criticisms of, 74
 - schedule of, 185
- Trade improving, 1
- Transfers and leases, collection and recovery of Increment Value Duty in cases of, *cl.* 4 (p. 140)
- rates of, in foreign countries, 34
 - on sale, Stamp Duty on conveyances or, *cl.* 73 (p. 169)
 - stock, 35
- UNDEVELOPED LAND DUTY, *cls.* 16-19 (pp. 144, 145); also pp. 51, 86-88, 110
- amendment to original proposals, 87
 - exemptions and allowances from, *cl.* 17 (p. 144)
 - agricultural land, 51
 - parks, &c., 51
 - small holdings, *cl.* 18 (p. 145)
 - recovery of, *cl.* 19 (p. 145)
 - site value, duty on, *cl.* 16 (p. 144)
- UNDEVELOPED LAND DUTY, tendency to over-estimate amount of valuation, 87
- valuation, 51
- Unearned increment *v.* Increment Value Duty
- Unemployment, problem of, 12
- insurance against, 12, 126
- Unincorporate bodies, collection and recovery of Increment Value Duty in case of property held by, *cl.* 6 (p. 141)
- Unionists and the land, 133, 134
- United States of America, flow of capital to, far greater twenty years ago, 70
- Urban Land, Balfour of Burleigh, Lord, upon, 76
- Commission on Housing of Working Classes, Royal, upon, 76, 77
 - distinguished from agricultural, 46
 - justification of tax on, 48, 76-78
 - land kept out of the market, 49
 - St. Aldwyn, Lord, upon, 77
 - Woolwich, case of, 48
- Valuation Department, re-organisation of, 115
- VALUATION OF LAND, *cls.* 25-32 (pp. 149-152), 51, 91-93
- for purposes of Act, *cl.* 26 (p. 150)
 - additional payments to local authorities on account of Land Value Duties, 96
 - ascertainment of the original site value of land, *cl.* 27 (p. 150)
 - assessment of duty on separate parcels of land and apportionment of valuation, *cl.* 29 (p. 151)
 - case of agricultural land, 92
 - land held by charitable trusts, 92
 - East Ham, 92
 - land held by statutory companies, 92
 - definition of values of land, *cl.* 25 (p. 149)
 - determination of value of consideration, *cl.* 32 (p. 152)
 - disadvantages of an artificial standard, 93
 - exemption from land held by rating authorities, *cl.* 35 (p. 153)
 - duties of Commissioners as to keeping records and giving information, *cl.* 30 (p. 151)
 - information as to names of owners of land, *cl.* 31 (pp. 151, 152)
 - periodical valuation of undeveloped land, *cl.* 28 (p. 151)
 - why the small owner may not be exempt, 92
- Vindictiveness of Budget, so-called, 73-80
- Voluntary scheme of insurance, 10
- Waste of land in Britain, 14
- Wealth, case of South Wales, 95
- education and improved conditions of the people account for the growth of, 26
 - no monopoly in that created by prosperity, 95
 - national security an essential part of, 6, 25
 - special sources of, should not be confined to special districts, 95
- Welsh coalfields, case of (Mineral Rights Duty), 91
- quarrymen, Increment Value Duty, 47
- Whitbread and Co. (Liquor Licences), 66
- Wholesale dealers' licences, 44, *sch.* 178
- Wines, French, and Mr. Gladstone, 119
- Woolwich, case of (Increment Value Duty), 48
- Workmen's insurance, Bismarck's scheme of, 9

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